

Nation's Business

A USEFUL LOOK AHEAD

JULY 1964

**NATION'S BUSINESS
SURVEY SHOWS**

GOOD TIMES WILL GET BETTER

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How world's biggest profit makes jobs **PAGE 40**

Meet tomorrow's union leaders **PAGE 38**

Make the most of new ideas **PAGE 50**

Five ways to cut unemployment **PAGE 31**

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Nation's Business

July 1964 Vol. 52 No. 7

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Washington, D.C.

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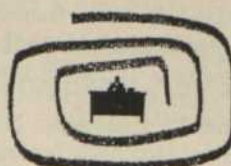
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ready to be used again to copy a different document! That's right. It actually rejuvenates itself in a few minutes. Just seeing it work is reason enough for trying an EKTAFAK unit. In fact the MIRACLE Master can be used over and over and over again . . . fifteen or more times! And here's a real surprise. One sheet of MIRACLE Master costs a mere 17 cents (250-sheet package) . . . that's under 1½¢ a copy for the master. Add another ½¢ for the paper and you're making clear, readable copies for less than 2¢ each. Compare with your present cost. Need to copy a lot of documents in a hurry? Use a stack of MIRACLE Masters for a smooth, continuous operation. Takes only seconds to copy each item in contrasting black on white.

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the master to a branch office and let them run off the copies on their EKTAFAK Transfer Unit. Saves you the cost of mailing bulk copies!

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Use your present office bond to make beautiful copies. Or use lower cost paper for routine work. In fact, there's nothing you can't use including paper bags! By the way, because you can make copies on colored stock with the EKTAFAK copying system, you can color code your office systems or use the EKTAFAK copying system with your present color coded forms.

Need an offset plate? Nothing to it when you use EKTAFAK copying system. Offset plates can be made in seconds and no special inks or solutions needed for your offset duplicator. You can get as many as 10,000 copies per plate! That cuts cost. Saves time. And anyone in your office can do it.

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on colored acetates. These same transparencies can be used as overlays.

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EKTAFAK Masters are unaffected by even the intense light and heat of direct sunlight! No need to worry about "expiration dates" or limited shelf life. EKTAFAK material makes beautiful copies that will last as long as the paper they are on. You get big savings because there is no waste!

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WASHINGTON BUSINESS OUTLOOK

Coming: \$40 billion growth in business.

That's what you can count on between now and July 1, 1965.

Nation's Business survey (see page 56) shows leading executives are optimistic about next six to 12 months.

Businessmen base confidence on good public attitudes, willingness of consumers to buy, stimulation of tax reduction.

A. C. Swanson, president of Western Auto Supply Co., tells Nation's Business why he is optimistic:

"Retail buying is holding up and actually improving in most lines. Consumers appear to have confidence."

Donald S. Bittinger, president of Washington Gas Light Co., says business future looks good because of "desire of more people for more goods—plus greater purchasing power."

President of another large eastern firm explains his view supporting optimism:

"Strength in consumer expenditures; a high rate of investment in plant and equipment, supported by sizable cash flows and a need for additional capacity in an increasing number of industries; growing confidence that federal monetary control will be administered realistically."

Gifford V. Leece, chairman of Gardner-Denver Co., machinery manufacturer, believes a general attitude of prosperity will help keep business moving ahead during next 12 months.

Lewis H. Bond, president of the Fort Worth National Bank, thinks "good profits and plans for capital expansion" add up to improvement in business during year ahead.

"Balance of payments and threat of inflation," however, are reason for some pessimism for later next year.

Other businessmen mention this possibility as well.

President F. J. Robbins of steel-making

Bliss and Laughlin, Inc., is optimistic for both this year and next.

Could be some problems, though, stemming from too much optimism, possibility of inflation and failure to control federal spending, he believes.

Rapid rise in use of credit worries many businessmen.

Example is Allen P. Stults, president of American National Bank and Trust Co., in Chicago.

He mentions possibility of a downturn starting sometime in '65, although next 12 months look good to him.

Excessive expansion this year could help bring slump as next year rolls along.

Besides credit problems that may arise, he lists "unemployment, inflation, government involvement in influence on the economy" as causes for pessimism.

He's pleased with effect of tax cut on business and consumer spending, restraint of businessmen with regard to inventory accumulation, and attempts to cut federal expenditures.

B. K. Wickstrum, president of General Time Corp., is less optimistic than most and fears possible labor difficulties could help pave way toward a slump next year.

Earl E. Conlin, vice president, Ex-Cell-O Corp., looks for no downturn either this year or next.

Supporting optimism, he lists "momentum of current economic conditions and increasing income and a healthy public attitude toward spending."

Most needed to sustain good rate of economic growth:

"Healthy attitude toward business—with less government interference."

N. F. Armour, executive vice president of the Carson Pirie Scott and Co. department store,

looks for good business to continue all through '65. But optimism is restrained. "Too much government in all business," he comments.

Why so much optimism at this time?

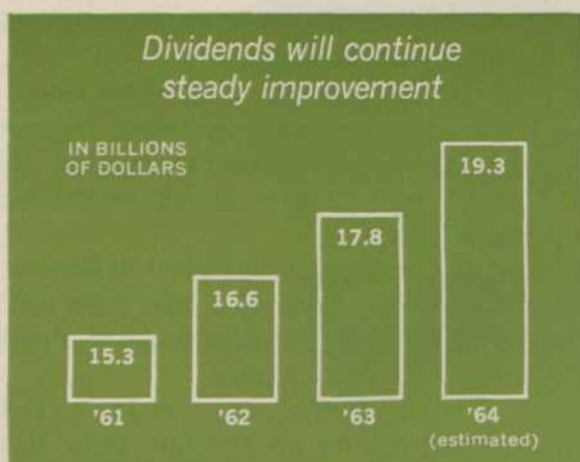
Business ledger tells the story.

After paying record taxes and dividends, corporations last year had \$9.3 billion in undistributed profits.

That's money to grow on, to invest for the future, to create new jobs—not an excessive sum but satisfactory improvement from the previous year.

This year it'll be at least \$12 billion.

Though still below other years as percentage of gross sales, total dollar earnings were never higher.



Profits after taxes—but before dividends—are expected to amount to an estimated 2.8 per cent of gross corporate sales this year.

If you compute profits any other way—say as percentage return on investment—you'll get different figures but they'll show a similar pattern.

To help you keep business earnings in perspective:

Profits from war's end until '57 averaged

above three per cent of sales, rising to 4.5 per cent or better during several of those years.

Since then profits after taxes have been well below three per cent.

Now business earnings are improving for the third straight year.

They appear headed into a new period when earnings will again average three per cent of sales.

Next year will tell if that's to be true.

A few prices will rise. Most won't.

That's finding of Nation's Business survey.

Three out of 10 businessmen believe prices will go up a little during next six to 12 months.

One in 10 looks for lower prices.

Remainder believe prices won't change.

Relative price stability may go on for several more years.

"I do not expect prices to change very significantly in the coming year or two," comments Stuart T. Saunders, chairman of Pennsylvania Railroad Co. "As our economy continues to grow in the near future, pressures toward higher prices will develop out of possible localized shortages.

"However, I feel confident that increasing capacity and efficiency of new plant and equipment to be installed will neutralize upward price pressures that may develop."

Mr. Saunders is hopeful that both labor and management will exercise restraint in bargaining and that "together with monetary and fiscal policies that reflect our better understanding of the workings of our economy, we will not have any significant upward movement in general prices in the next half decade."

He expects growth of foreign production facilities and markets to provide an ever more significant barrier to raising prices.

WASHINGTON BUSINESS OUTLOOK

"Our unfavorable position with regard to the international balance of payments is the other factor which I believe will act to hold the general price level in check. While I expect the gold outflow problem to have been pretty well solved by the end of the next five-year period, I am sure that it will be with us, in lessening degree, during most of that period."

Looking further ahead, he adds:

"I hope that we will soon be able to cut taxes, especially corporate tax rates, even more, so that we will be providing for continued growth and stability into the period beyond the next five years."

"Along with reductions in tax rates, there must be some tax reform and above all a containment of government expenditures."

"Coupled with reasonably flexible monetary and fiscal policies, these measures would allow the private sector to generate the kind of economic growth rates that will help solve our problems of unemployment while at the same time continuing price stability—all of which will reduce the business cycle to a mere ripple on our upward path of prosperity."

Borrowing costs will climb.

Fresh estimates of what's ahead show this probability as business soars to post-Labor Day peaks.

There's good chance interest rates will begin averaging more during fall months as demand for funds to finance higher volume of credit and larger business inventories put pressure on supply of lendable dollars.

Watch inflation in Europe.

What happens there could trigger actions that would boost interest charges at your local bank—regardless of other pressures on money rates in this country.

Consumer prices in Common Market countries are going up fast. They're up in Italy and

France, for example, about 6.5 per cent during past year.

Europe's boom, plus shortage of workers in many regions, is responsible.

As interest rates in Europe go up to fight inflation, U. S. money authorities watch to see what happens to investment capital. If dollars go to Europe in large amounts, U. S. balance of payments will worsen.

This could bring quick shift in U. S. money policies.

It might show up at your local bank as higher borrowing charges.

It's another thing to watch next fall.

Government economy fizzles—so far.

Any reduction is still ahead. New estimates show that only the expenditures growth rate has been whittled until now.

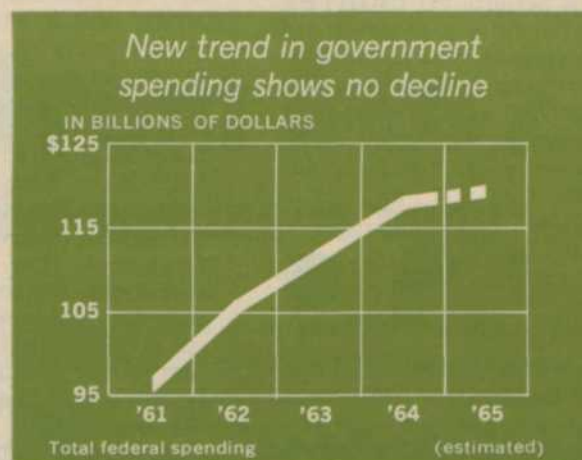
Defense is to be cut—later.

And it's to be cut more than previously talked about.

But welfare programs threaten to wipe out Pentagon reductions and push the total outlay higher.

Result:

You can expect to hear more about stepped-up efforts to reduce federal spending during second half of this year.



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Business opinion:

Civil servant defends federal workers' ability

I MAY APPEAR picayune to lift a phrase out of context in order to belabor a point; yet at such risk do I write. In the interview with Professor Parkinson [May] your interviewer asked, "Is there a danger that a civil-servant type of mentality may gain power over business?" Speaking for my fellow civil servants, I object to the phrase "civil-servant type of mentality." The very connotation thereof implies "second-class businessmanship."

What are the elements of good businessmanship (exclusive of operating at a profit) with which both private business and government administrators must concern themselves? Some of these are: maximum production with minimum personnel or machine needs; highest quality products; highly motivated and, presumably, company/agency-oriented personnel; well-trained personnel; forward-thinking personnel, and so on. The common denominator is people.

As a member of middle management heading up a management engineering organization, I can, with confidence, state that we are so far ahead of private industry in training, in forward thinking, in new concepts of increased productivity, that it isn't funny.

How many of our private enterprises have established personnel performance standards in the office (not the plant) through use of the latest engineered time techniques? How many have established engineered quality controls, as well as production controls on clerical performance? How many are using operations research techniques in inventory control, as well as other office operations? How many have continuous training programs for insuring that the future leaders of the organization are cognizant of their responsibilities and that they keep up with latest advances?

Well, we do. As a member of the United States defense team for 26 years, I can speak from experience

in noting the tremendous changes which have taken place in the role of the civil servant. The new servant continually keeps himself educated and knowledgeable through extracurricular courses covering the latest technological developments in the business world.

In fact, more often than not, he's two to three years ahead of the general business world in these new fields. As a classic example, we're in our third generation of computer technicians due to the fact that private industry siphoned off all the veterans in this field.

It's about time indiscriminate remarks about the civil servant cease. He belongs!

H. KATZ

Head, Management engineering branch
U. S. Naval Aviation Supply Office
Philadelphia, Pa.

Articles in book

For many years I have enjoyed the articles relative to management in NATION'S BUSINESS. The May issue contained two good ones, "Turn Anger into an Asset" and "Boost Your Problem-Solving Power."

I've sent for many reprints of such articles and have made considerable distribution of them to men in our company. Yet, I have the strong feeling that this information in the form of a booklet, properly indexed, would be an invaluable asset in a businessman's library. I see it as an effective training tool for young men and as a competent refresher for those of us who have been around awhile.

I wonder if you have ever considered gathering together the many fine articles that have appeared over the years into a book.

B. PHILIP BOWEN

Executive vice president
Downing Box Co.
Milwaukee, Wisc.

► A book of NATION'S BUSINESS articles, titled "Successful Management," is being published this month by Doubleday & Co., Inc., Garden City, N.Y.

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Executive Trends



- Test your bossmanship
- How to cut executive turnover
- New slant on training programs

Here's a test of your ability as a boss.

Circle the following statements "True" or "False," then turn to end of this month's column to see how you scored.

(T) (F) A supervisor has a right to expect his subordinates to accept him as their natural leader.

(T) (F) You can always tell if a man is loyal by the way he talks and acts.

(T) (F) The best way to change a man's attitude about an issue is to show him the facts.

(T) (F) You can be sure that any improvement in working conditions will be appreciated by subordinates.

(T) (F) Being tolerant and sympathetic with workers assures your getting their full cooperation.

Answers on page 21.

• • •

You can cut executive turnover in your company.

The key is not more pay, but more understanding of the job satisfactions sought by your employees, according to recruiter Paul Kiernan.

Here are six recommendations he makes:

1. Evaluate the performance of your men regularly. Do it directly and personally. Let the subordinate know where he stands.
2. Treat the man as an individual.
3. Broaden his job responsibilities as quickly as possible so that he doesn't become bored or dispirited in a job which no longer challenges him.
4. Ask his advice. Mr. Kiernan

contends that asking for and using an employee's advice provides perhaps the greatest job satisfaction of all.

5. Make a manager feel he is a respected member of your team.

6. Make him feel he is contributing to the success of your business.

• • •

Think you have problems finding good clerical help? Consider the plight of Europe's worker-starved industries.

European businessmen are turning increasingly to temporary manpower pools, reports one American specialist on emergency manpower. On a recent swing through Europe he found executives there keenly interested in agencies which supply part-time employees. The part-timers come from the ranks of housewives, retirees, people between jobs, seasonal workers and students. Demand for these workers is acute in both office and factory employment.

Note: One of the paradoxes of America's current unemployment problem is that even while joblessness persists at a relatively high level there is unabating demand for temporary secretaries, clerks, typists and other workers in many businesses.

• • •

Here's a profile of a manager who could be one of your toughest competitors in the years ahead.

He is British. He is young. He is more likely to be moved up earlier in his company than would have been the case 10 or even five



Robert Schaffield is a diamond merchant and jewelry designer in Cincinnati

"Group Insurance? I didn't know it went so far!"

"What amazed me about this MONY plan was that it took care of things I'd never even thought of!"

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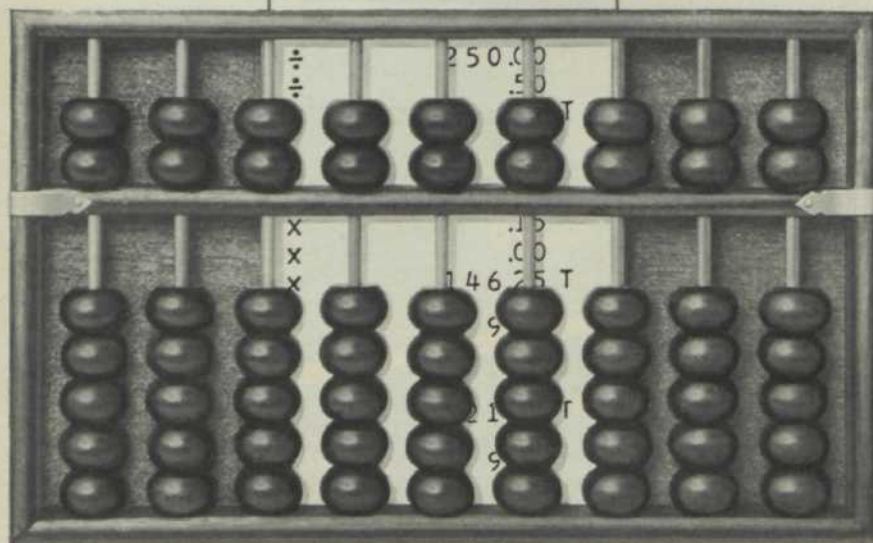
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EXECUTIVE TRENDS

continued

years ago. He is "mature and healthily critical of the deluge of written material on business methods and techniques which comes from across the Atlantic."

Compressed, this is how J. Gratwick, one of England's most prominent authorities on executive development, appraises the younger generation of British executives.

Mr. Gratwick, managing partner of the Urwick Management Centre, near London, tells NATION'S BUSINESS that the young men of British industry are more broadly educated than their seniors, "more serious of intent, without being overintense" and tend to turn more to Europe for an exchange of knowledge than toward the United States.

"The present generation finds it easier to adapt to, say, the speed with which a subject Empire became an independent commonwealth, than Britons of a previous generation," Mr. Gratwick notes. "They travel more widely, particularly in Europe, both in work and on holiday... they are still ready to go and live and work abroad for a period of time, but now instead of working in government departments of British territories, they work in industrial and commercial organizations."

• • •

The streamlined silhouette is replacing the executive paunch.

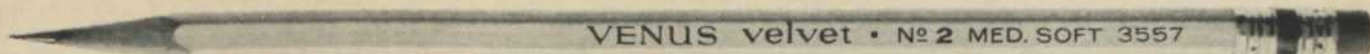
That's the way Dr. John J. Sampson, president of the American Heart Association, appraises the current reaction of many businessmen to the dangers of obesity and heart disease.

"Previously," Dr. Sampson says, "the image of the successful businessman was a rotund, flushed-faced, temperamental, chain-smoking individual who had lost whatever college football dimensions he once might have had. In contrast, today's image is a middle-aged youth, cool, slender, alert, with a few fads but generally avoiding excesses."

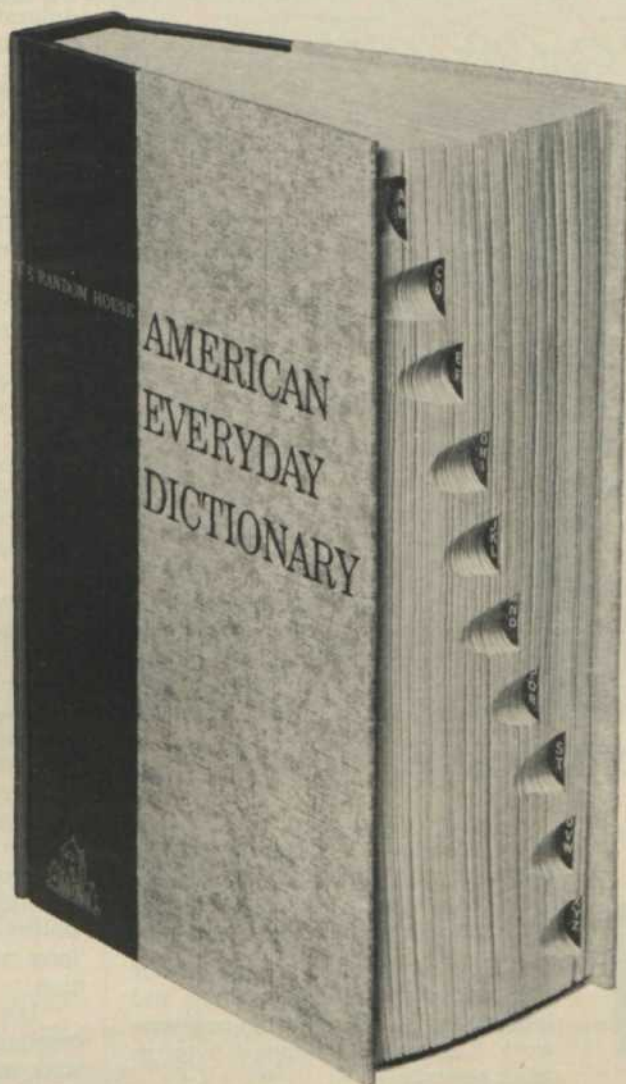
Some of the slim trend may be vanity, Dr. Sampson concedes. But more of it reflects awareness of the need for keeping fit.

• • •

Nation's Business asked Dr. Sampson (he's clinical professor of medicine at the University of California) to outline a regimen for men who have a tendency towards



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EXECUTIVE TRENDS

continued

high blood pressure, overweight, or other factors which make them heart-attack risks.

Here are precautions he recommends:

1. Limit your food intake, especially of heavy fats, to maintain a set weight.
2. Engage in regular physical exercise within a range that will be tolerated by your age and physical defects.
3. Avoid emotional excesses when feasible and plan periods of relaxation, including sleep and recreation, as experience indicates is required.

Dr. Sampson emphasizes that "no two men are identical either in stress-proneness or in rest requirement, even in identical jobs. Mr. Smith may become sleepless and distraught over frustration in a proposed business deal; Mr. Jones, confronted with the same problem, may take the matter calmly and simply adopt a new plan of attack. One may need a two-week winter vacation and a month in the summer; the other might flourish with only a few days off once or twice a year."

• • •

Your company may be wasting money if it is putting a large share of its training expenditures into the development of senior men.

This somewhat heretical thought is proffered by the assistant director of a university-based executive training program.

He reasons that smart companies are spending more to develop young, up-and-coming managers and less to polish the skills of men who have long seniority with the organization.

"It's a matter of economics and common sense," the program spokesman argues. "The pace of change in business is so rapid that it is more profitable to concentrate on developing younger executives who will be with an organization long enough for it to benefit from what they learn. Older men, important though they may be, are a poor investment risk in terms of training because of retirement, death and displacement due to accelerated promotion of those down the line."

• • •

If you were asked to name the single most important thing that business

(continued on page 21)

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"This car (Classic) has one of the smoothest running V-8 engines I have ever encountered and its agility in traffic is all that is ever required . . . have decided to use the V-8 in the entire fleet."

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Testing stock cars on the desert—Photo by Charles Van Maanen

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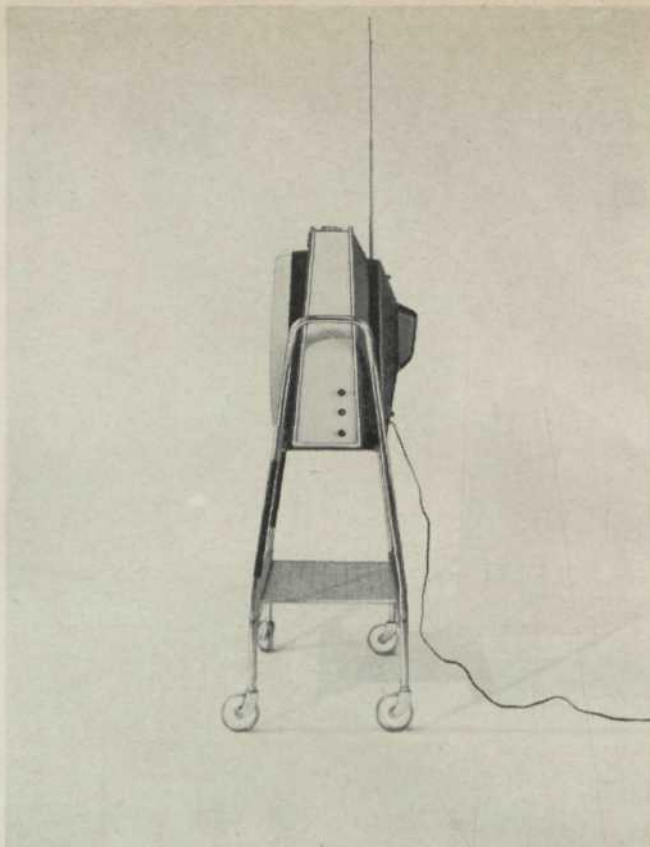
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EXECUTIVE TRENDS

continued

experience has taught you, what would you choose?

Patience? The need for constant self-appraisal? The importance of cost control? Continual attention to the challenge of getting things done through people?

These are just a few of the lessons cited by leading businessmen who were surveyed by NATION'S BUSINESS. For more on what they have to say about the things experience teaches, see page 66.

Answers to quiz:

All of the statements on page 12 should be marked false, in the opinion of King Whitney, president of The Personnel Laboratory, Inc., New York.

Mr. Whitney put the quiz together for NATION'S BUSINESS.

Here—statement by statement—is how he defends a "false" answer for each.

1. Subordinates don't accept a superior as their natural leader just because he has a title. He becomes their leader only after he wins their confidence.

2. Loyalty is in the heart, not the face. A man may pay lip service to your company's objectives and methods of operating, yet be covert in his resistance when the boss's back is turned.

3. Try changing a man's attitudes about politics and religion on the basis of facts and you can appreciate why this statement is false. Attitudes are formed on the basis of emotional reaction and that is the only way they are changed. Logic has little to do with it.

4. Men who are not fully in control of their environment are suspicious of any change in it. Management can make an improvement with the very best of intentions, but workers may resent it just because it is a change. Also, what management thinks is an improvement may turn out to be an inconvenience or irritation to those who have to deal with it.

5. Workers are not looking for sympathy as much as they are for guidance, direction, confidence and an opportunity to prove themselves. They get tolerance and sympathy from each other. They expect management to set goals for them and keep them moving in the right direction.



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LBJ's drive is no puzzle to insiders

BY PETER LISAGOR

NOT LONG AGO a man traveling with President Johnson on one of his quick forays into the boondocks commented that his voice sounded like it was cracking after a long day of speechifying. "Nothing wrong with my voice!" he snapped, as if someone had accused him of a shameful infirmity.

Later on the same trip a reporter suggested to an LBJ aide that the President looked a bit tired. "Look, I wouldn't write that," the uneasy aide said. "If he reads it, he'll double his schedule and go twice as hard to prove you wrong."

The two incidents support the contention that Mr. Johnson finds it hard to admit that he is not a physical superman, or at least as durable and indestructible as any other man. More than most public figures, he is bugged by criticism. For example, he reads in a newspaper that some Republican leaders in Congress feel a sense of estrangement from his efforts at bipartisanship, and the next thing that happens a gaggle of G.O.P. chieftains is invited down to the White House.

Or he reads that some Latin American diplomats have begun to feel that he is less committed to the Alliance for Progress than was his predecessor—and less interested perhaps in hemispheric problems generally—and within a few days a meeting is scheduled in the White House for all Latin envoys in Washington, at which the President reaffirms in ringing prose his Administration's wholehearted support for the Alliance and all its works.

In a word, a Johnson critic risks almost instant refutation. The President seems to like nothing better than to demonstrate the wrongness of unflattering stories about him, whether it has to do with tugging the ears of his beagles or speeding on a Texas highway.

This seems especially true about any accounts of his health, as his aide intimated. Concern for his physical well-being has been accentuated, of course,

by the heart attack which laid him low back in 1955. Personally, he gives the impression that he is not only unconcerned about it but also contemptuous of it. While he works hard to portray himself as a great economizer on such matters as the White House electric bill, military bases that have grown obsolete and the size of the government payroll, he



President shakes hands with such furious enthusiasm that his own are often scratched raw or badly bruised

spends his energy—or so it appears to the public—like a profligate sailor on shore leave.

Watch him in a crowd of people at an airport or in front of a downtown hotel. He goes at it in the manner of a census taker instructed to touch or be touched by every person in sight. He also acts as though he is anointing each and every voter with a special LBJ balm that will keep that worthy in thrall until the November presidential election. Whereas the late President Kennedy used to run his hand along the clutching phalanx of outstretched hands, using his fingers gingerly to protect them, Mr. Johnson works with both hands; he reaches back, so to speak, and he grasps, tugs, pumps, touches and holds, nodding all the while to those inaccessible souls in the rear.

At the end of such a siege, his hands often look as though they had been caught in a meat grinder. They are scratched raw or bruised badly. They are,

Peter Lisagor is White House correspondent for the Chicago Daily News.

in his own words, tender as a baby's cheek. And he will display them as proud badges of the role he talks about and plays constantly, that of being a people's President. He is totally unmindful of the risks of all this exertion and untroubled by episodes that cause his Secret Service agents silent torment. For instance, on a trip to Atlanta, Ga., he was moving along an airport fence which suddenly caved in from the pressure of the surging crowds. Several persons tumbled forward across the collapsed fence, which had a menacing strand of barbed wire across its top. Fortunately, the President had just passed the point of collapse; else he might have been toppled and caught in the crush.

There is really nothing new about Mr. Johnson's indefatigable pace, although a great deal more attention is paid to it now because he is the President. Those who accompanied him on his foreign good-will tours as vice president recall with a shudder the long hours with crowds, dignitaries, officials. He walked among the people, at times in his shirt-sleeves, shaking as many hands as possible. And he was awake late to be briefed on the problems of the countries he was visiting, so that he would be prepared for the next day's business. The posse of reporters with him was run ragged, just as the doughty band covering him as President nowadays find themselves a little frayed at the edges by the frenetic pace.

The public view of LBJ as a dynamo, with inner wells of untapped energy, is somewhat deceptive, however. By his own accounts, he gets a reasonable amount of rest, more than most people would guess and probably more than many hyperactive businessmen. He gets five to six hours sleep a night and lies in bed on his back an additional two or three hours in the morning, a habit he acquired as a result of advice given him by his late mentor and friend, Speaker Sam Rayburn. It was Mr. Rayburn's belief, LBJ says, that a man lying on his back is resting adequately, whether he sleeps or not. And except on the rarest of occasions, the President indulges himself in a nap every afternoon for about an hour. Even when he is traveling outside of Washington, he sometimes manages to catch a refreshing few winks aboard his commodious jetliner.

Despite this concession to the limits of the human body, there are some who still believe that the President drives himself at too furious a pace. They also have wondered how he manages to attend to the supposedly overwhelming tasks of the presidency if he has the time for all of the public activity in which he engages, for the speeches, receptions, ceremonial affairs, informal press conferences, midday walks along the foot paths of the White House, travels outside of Washington. And a few have puzzled over his apparent disdain for periods of contemplation and reflection, or for those moments alone when a man can let his mind meditate or lie fallow, as the

spirit moves him. It is possible that Mr. Johnson experiences such moments, but the general view is that he has an abhorrence of being alone.

His mode of operation has led one observer to the tentative conclusion that either the burdens of the presidency have been exaggerated all these years or that the job is simply too small for the man. The observation is, of course, more facetious than factual, but it captures some of the exhilaration Mr. Johnson obviously feels as he continues to put his brand upon the office.

The public opinion polls have contributed greatly to the President's sense of mastery and well-being, no doubt. They have continued to show widespread approval of his conduct of affairs. And his potential Republican opponent in November conceivably could have difficulty developing clearcut issues with which to challenge him. In the one area where nervous signs have appeared, foreign policy, he inherited a situation which may even serve to minimize partisan criticism.

Those G. O. P. candidates who chose to accept the President's offer to brief them with up-to-date intelligence information on the state of the world found themselves in a curious position. The Administration officials conducting the briefings were, for the most part, Republicans recruited by Mr. Kennedy and now serving Mr. Johnson. They included Secretary of Defense Robert S. McNamara and Central Intelligence Agency Director John McCone. In South Vietnam, a Republican stalwart, Henry Cabot Lodge, is a loyal ambassador avowedly sharing in the responsibility for policies that would be extremely vulnerable under other circumstances. And at his elbow in the White House, the President has as a special assistant for national security affairs, McGeorge Bundy, a Republican. And still another Republican, William Foster, heads up the disarmament agency.

While these men could not be classified as precinct partisans and do tend to their official knitting circumspectly, they do give a bipartisan gloss to the actions taken in their particular field, just as Secretary of the Treasury Douglas Dillon, a Republican, has narrowed differences over the Administration's fiscal policy.

The President is clearly pleased by the character of his allies within the Administration, so much so that he has permitted the speculation that Mr. McNamara might be acceptable as a running mate in November. This has led to consternation in Democratic ranks, where the prospect of even a pseudo-Republican on the national ticket threatens to provoke rebellion.

It is a mark of the President's supreme self-confidence that he would risk disaffection in his party by not scotching the McNamara talk at once. Only a man riding the crest of popularity and prestige, and enjoying it to the hilt, would flirt with so unorthodox a notion. His friends say that Mr. Johnson is determined to select a vice president who will make the best possible President in the event that destiny calls him to the task.

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More teacher authority is schools' basic need

BY FELIX MORLEY

NOBODY is likely to claim that the problems of American education have been solved during the decade since the Supreme Court outlawed segregation in the public schools. But it can be said that furor over the issue has done a great deal, even though indirectly, to clarify those problems. There is today a deeper understanding of what education is, and of what it is not, than was the case at the close of the school year in 1954.

We know, for instance, that nationwide integration in the schools will not of itself mean better schooling for either white or colored. It did not mean improved instruction for either Jew or Gentile when the battle over segregation in the religious field was fought and largely won in the private schools of years gone by. Not the race, creed or social standing of the pupils, but the character and quality of the teaching is what really determines the effectiveness of the educational process.



The late Albert J. Nock, who wrote a good deal on the subject, used to say that Americans fail to differentiate between education and training. He classified education as "formative;" training as "instrumental." The aim of training, he said, is to impart knowledge on how to make a living. The aim of education is to make it possible for the individual to lead a fully satisfactory life.

That the distinction has validity is indicated by the classifications which educators give to what is called liberal arts, on the one hand, and vocational training on the other. But the distinction is blurred by the fact that the basic tools for both objectives are identical.

Thus the student must learn to read, to write, to figure and to communicate intelligently before he or she can become either a typist or a philosopher. It is always possible to start as the former and develop into the latter. And it is not undesirable for the philosopher, if he has a family and times are bad, to have some vocational training in his background.

Actually, indeed, education has of necessity al-

ways been both formative and instrumental. But prior to the relatively recent advent of the public schools, formal education was limited to the training of potential leaders. This did not mean that it lacked a practical bent.

A current biography of King Edward VII, for instance, tells us that as a boy he was compelled to study all his lessons successively in English, French and German. This linguistic proficiency was deemed essential to his future job as a European monarch. Psychologically, a by-product seems to



WASHINGTON EVENING STAR

Headmaster Victor Summers of Ascension Academy leaves no doubt about his intention to enforce rules

have been what in less exalted circles would be known today as juvenile delinquency. In the case of Michelangelo, however, early training as a stone cutter led directly to the carving of the *Pieta*, now the one completely priceless exhibit at the New York World's Fair.

While the democratization of education is now far advanced it still must cope with the personality problems common alike to prince and pauper. Schooling for all, indeed, has as its shadow side a great increase in the number of high school drop-

TRENDS: STATE OF THE NATION

outs and ugly insubordination among those who unwillingly remain. Expensive counseling and psychiatric guidance have not served to eliminate this educational dilemma.

It roots, very clearly, in the disharmony between the laudable insistence on equal educational opportunity for all, and the inescapable fact that education, to be successful, must treat the individual as such. Unfortunately the two considerations work in contradictory directions. Individuality is necessarily subordinated by the huge schools, big classes and standardized courses which mass education requires. Disregard of individual characteristics in turn means that in many cases gigantic educational effort brings meager or even bad results.

An educational system designed for individual development must be flexible and exclusive. One designed for collective training must be inclusive and is likely to become stereotyped. The aristocratic method can concentrate on those eager to learn, but only if it eliminates the indifferent. The democratic method can be patient with slow learners, but only at the risk of retarding the more competent.

Here, rather than in any fancy distinction between aesthetic and vocational training, lies the educational dilemma which the teacher in the public schools must confront every working day.

The problem has reached an acute stage in the schools of the decaying areas present in the heart of most of our great cities, although the buildings and physical equipment are often all that could be desired.

In his book, "Slums and Suburbs" Dr. James B. Conant has drawn attention to the explosive conditions within many of these expensive structures. The growing difficulty of getting teachers willing to expose themselves to these conditions is scarcely a professional secret.

In a hard-hitting "Letter to Baltimore from Classroom Teachers" the teachers' union of that city offers a program which is currently arousing more than local interest. This "letter," actually a lengthy and well reasoned analysis, asserts that emphasis on middle-class methods and concepts is doing definite harm in schools where pupils lack a background of appreciation. "The shattering evidence that the longer the children stay in the slum schools, the worse off they are is proof of the total failure of the traditional methods of teaching."

Whether or not one agrees with the recommendations of the Baltimore Teachers' Union, there must be respect for the forthright way in which they are laid on the line. These are the observations of day-by-day teachers, not of professors of educational theory. In consequence the proper role of the slum school is seen as something far beyond what is usually attempted:

"Elementary schools should become community centers, open 12 hours a day with adult pro-

grams in the afternoon and evening, and with all educational, medical, recreational and social services radiating from the school center into the community."

There is much evidence to support the charge that schools "geared to middle-class ways and concepts have failed in their job of teaching children of different background and experience." This does not mean that there are no educational problems in schools where the families are not impoverished.

Beside the Baltimore report one may place a "Memorandum to Parents" recently circulated by the headmaster of Ascension Academy, a new but successful private school in the Washington metropolitan area. This memorandum reminds patrons, in good, crisp prose, that students are allowed to drive their own cars to Ascension "only in unusual circumstances and with prior permission of the headmaster."

He then lists 50 phony reasons advanced by parents to obtain this permission, ranging from the recent demise of the family chauffeur to the unusual ability of their son, who talked at 18 months. Little doubt is left as to the intention of this teacher to enforce the rules he has laid down.

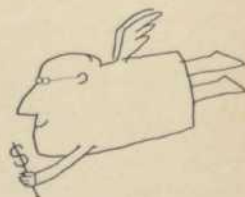
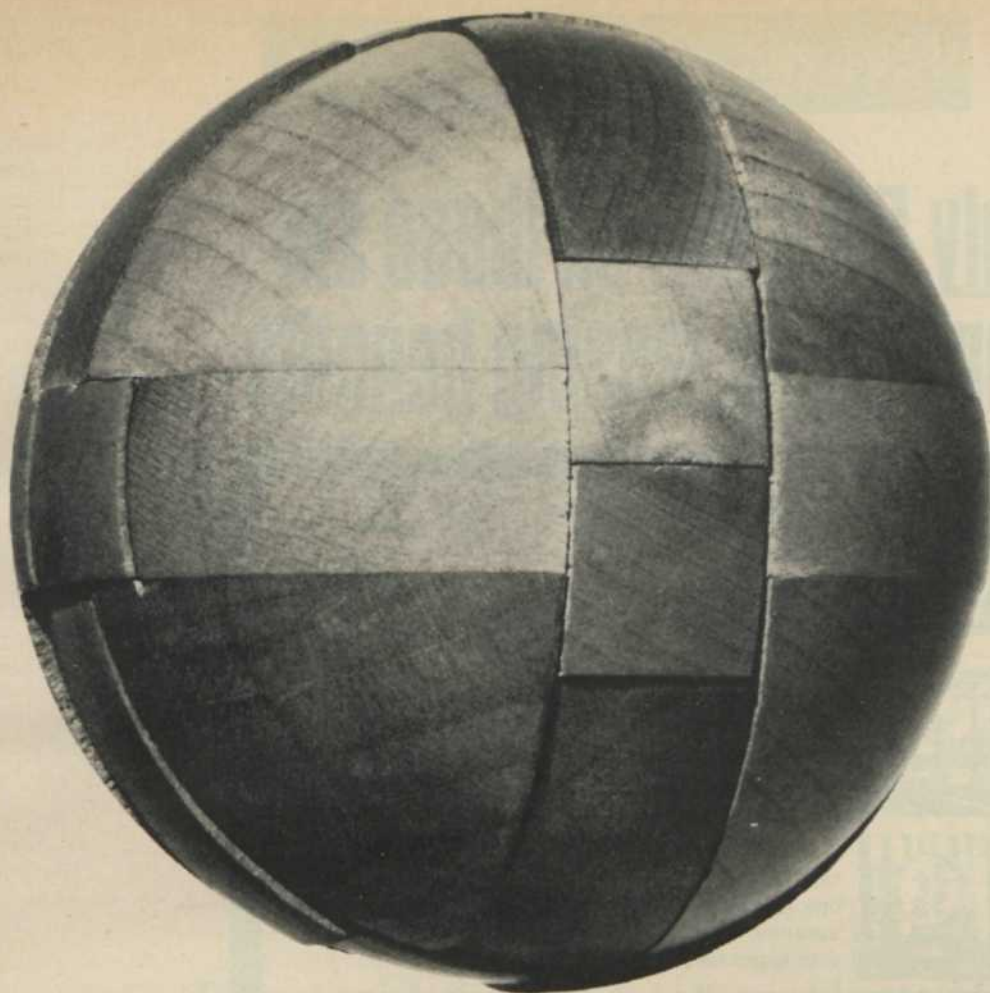
Dissimilar as are many of the problems of education, public and private, from slum to suburb, there is one factor common to them all, whether the kindergarten or the university be the setting, whatever the race or culture of the pupil.

This universal solvent is the ability of the really competent teacher to understand and at least attempt to deal with any educational problem, provided that he or she has not been deprived of the necessary disciplinary authority. In this way and no other can the issues arising both from underprivileged and overprivileged backgrounds be confronted and the underlying educational dilemma solved.

Unfortunately, as education has become universal its administration and methodology have come to receive more and more emphasis, with parallel downgrading of the actual teaching function. Theories of instruction, of child psychology and of juvenile behaviorism have been developed and enforced from above. Much of this pseudoscience the classroom teacher is expected to absorb and apply, but without the disciplinary authority essential both for the instruction of the mentally retarded and the mentally advanced.

Simultaneously, parental neglect and parental indulgence have alike made pupils more difficult for those who carry the real responsibility, but all too seldom the honors and perquisites, of the teaching profession. It is good to have this pointed out, though in very different fashion, both by classroom teachers in the slums of Baltimore and by the headmaster of an obviously distinguished private school in Alexandria, Va.

Through such local efforts, emphasizing the proper authority of the classroom teacher, the educational dilemma may be resolved. But that will certainly not be the outcome if the solution is turned over to a federal bureaucracy.



DOLAN'S FOLLY

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Five ways to cut unemployment

Economist examines job problems of youth, age, obsolete skills, depressed areas, farm exodus

UNEMPLOYMENT is a serious problem. But it is not necessarily the one commonly discussed by the politicians and professors.

The problem is not that of reducing a figure of five and a half per cent of the labor force to three and a half or four and a half, but of untrained youth, weakening demand for skills, the emergence of distressed areas.

The evidence indicates that roughly one million workers—about one and a half per cent of the total—are suffering from serious unemployment. [See box on next page.] This is a personal, specific problem. And it cannot be solved by generalities.

Merely increasing the general standard of living or level of governmental expenditures will not give jobs to many of these unemployed workers. Training that will match men with jobs, not generalities, is needed.

Unemployment may be grouped into five major categories:

- ▶ Youngsters, largely untrained, just entering the labor market.
- ▶ Older untrained workers.
- ▶ Workers whose skills are obsolete.
- ▶ Depressed area unemployment.
- ▶ Unemployment following migration from farms.

It is useful to look at each of these and what actions may be taken to relieve them.

Youngsters out of work

Unemployment has been increased lately by a large influx of young workers. The number of 18-19 year olds increased about 10 per cent from 1959 through 1963, while the rest of the labor force increased only five per cent.

About 12 per cent of the youngsters are out of a job. Eighteen per cent of the boys 16 to 19 who say they are looking for work do not

have it, and 14 per cent of the girls 16 to 19 are unemployed.

The problem of unemployed youth can be faced in two ways.

The first is to train them better. This will incidentally reduce unemployment by keeping some of them out of the labor market while they are being prepared to take jobs.

About 70 per cent of the nation's youngsters now finish high school, so the other 30 per cent are likely to have employment difficulties, or at best to have only limited employment opportunities.

The proportion obtaining at least an adequate high school education varies among states, but companies are already reporting difficulties in getting an adequate labor force in some communities despite a general availability of unskilled labor.

As productive equipment and management problems grow more complex, a college education or the

FIVE WAYS TO CUT UNEMPLOYMENT *continued*

equivalent will become as important a door to employment opportunities as a high school diploma has been. But present trends will give only one man in six over 22 a college education by 1980. If college is as important in 1980 as a high school education was in 1960, our labor force will be less well prepared for its responsibilities than it is today.

If we are to progress and hold down unemployment more emphasis will have to be put on improving and extending training and education.

A closely related problem is that of race. Unemployment among nonwhites tends to be double the unemployment among whites. Additional training and job opportunities for nonwhites are proposed as measures to help reduce unemployment.

A second way in which the problem of unemployed youth can be relieved is to get them to accept more of the jobs that are available. There is a shortage of workers in the service industries, for instance, but men with ambition want what they consider to be better jobs.

What may be needed is a method for giving status to the service industries. Service industries are indispensable. Service manpower needs are taken care of in part by moonlighters—people with more than one job—but this does not help unemployment much.

Adults without skills

The second type of unemployment, adults without needed skills, the functionally illiterate, is harder to handle. Youth can be trained more easily than older people.

Part of this unemployment problem for unskilled workers is a result of minimum wage legislation which has priced some workers out of the market.

At the same time, the existence of high skilled-labor wages increases the aspirations of all and therefore raises the minimum wage standards the public generally is willing to accept as legal for even unskilled citizens. So the coverage of minimum wage legislation continues to be broadened and the levels con-

tinue to be raised. This prices still more workers out of the market. No end to this is in sight.

Relative employment opportunities for unskilled workers must be expected to continue to shrink during the coming decade. This is a fact that must be faced.

Already the unemployment rate among blue-collar workers is three times that among white-collar workers. The chances that a given blue-collar worker will be out of a job six months or more are three times as great as the chances that a white-collar worker will find himself unemployed this long, and eight times as great as the chances for a professional or technical worker. The chances of being out of a job six months or more in mining are 10 times as great as the chances that a worker in government administration will be out of a job that long.

Unemployment rates are directly related to training and education. The most recent unemployment rate for managers was 1.8 per cent, for professionals and technicians 1.5 per cent, for clerical workers 4.3 per cent, for blue-collar workers eight per cent.

Admittedly, some of this problem cannot be solved by education. Workers who cannot be trained should be given permanent relief.

Obsolete skills

A third and still more difficult problem is that of providing jobs for those whose skill is becoming obsolete. The introduction of increasingly sophisticated equipment reduces the market for some existing skills while creating markets for new skills.

The diesel locomotive reduces the market for the fireman while it increases the market for certain skilled maintenance mechanics. The skill of the fireman becomes obsolete. A progressing technology adds to the number of unskilled and unemployed.

The unemployment of those whose skills have recently been made obsolete tends to be harder to solve than the unemployment of those who never acquired usable skills. These workers have been accustomed to good incomes and so find it harder

to accept unskilled or semiskilled low paying jobs than those who never acquired skills.

This type of newly created unemployed includes many workers in their forties, and some in their fifties—men who find it particularly difficult to learn new jobs and men who may refuse to accept other jobs because of the pay or for other reasons.

This type of unemployment, of job obsolescence, is occurring more frequently now than in the 1920's or even in the early 1950's. During the 1920's new technologies were largely limited to increasing the worker's output in manufacturing.

HOW
MANY
WORKERS
ARE
IDLE

There was little increase in productivity in construction, transportation, distribution management or government. Now productivity is increasing across the board.

Computers are replacing computer operators in offices. Power tools are replacing carpenters. Automatic data processing is cutting inventories and reducing cross hauling. The output per hour is being increased in the office, the store, on the rails, on construction jobs, in many professions—almost anywhere. When this means the reduction or elimination of the need for specialized skills, it may add to the number of permanently unem-

ployed. At the same time, it may create or add to the requirement for new skills for which the demand already exceeds the supply. It may create unemployment, and yet require more overtime.

This is not a new problem. Progress always means change. Mule drivers on tow paths lost jobs at the same time that locomotive engineers had to be trained. But until recently jobs being eliminated tended to be either relatively unskilled or general skill jobs. The mule driver who lost his job on the canal could drive mules on city streets or on farms. But today we are displacing semiskilled and specialized

workers, workers with skills which cannot be transferred readily to other industries.

This problem is illustrated by this year's rail negotiations. Labor and management must find some way of protecting workers, though not jobs, displaced by shifts in skill requirements, or the government will move in.

Depressed areas

A fourth major type of unemployment is that which occurs in depressed areas. This problem has been recognized for decades. It was a problem during the 1920's, during
(continued on page 44)

The government calculates that unemployment averaged about five and a half per cent of the labor force in recent months on a seasonally adjusted basis.

But the detail behind this figure shows that an average 2.3 per cent of the labor force were unemployed less than five weeks and that 1.8 per cent were unemployed from five to 14 weeks. In addition, 4.1 per cent had been out of work less than 15 weeks.

In a country in which one family in five moves each year, a country in which people move from south to north, from east to west, hundreds and even thousands of miles at a time, some must be out of work at all times. Just as there must be an inventory of materials in the warehouse to meet orders, there must also be a supply of workers to keep the factories and shops going while people are moving. If you consider having from two to two and a half per cent of the labor force out of a job at any one time for less than five weeks is not serious unemployment, but necessary to permit a flow from job to job, then we have had an unemployment situation in which serious unemployment equals not the reported five and a half per cent but not over 3.2 per cent.

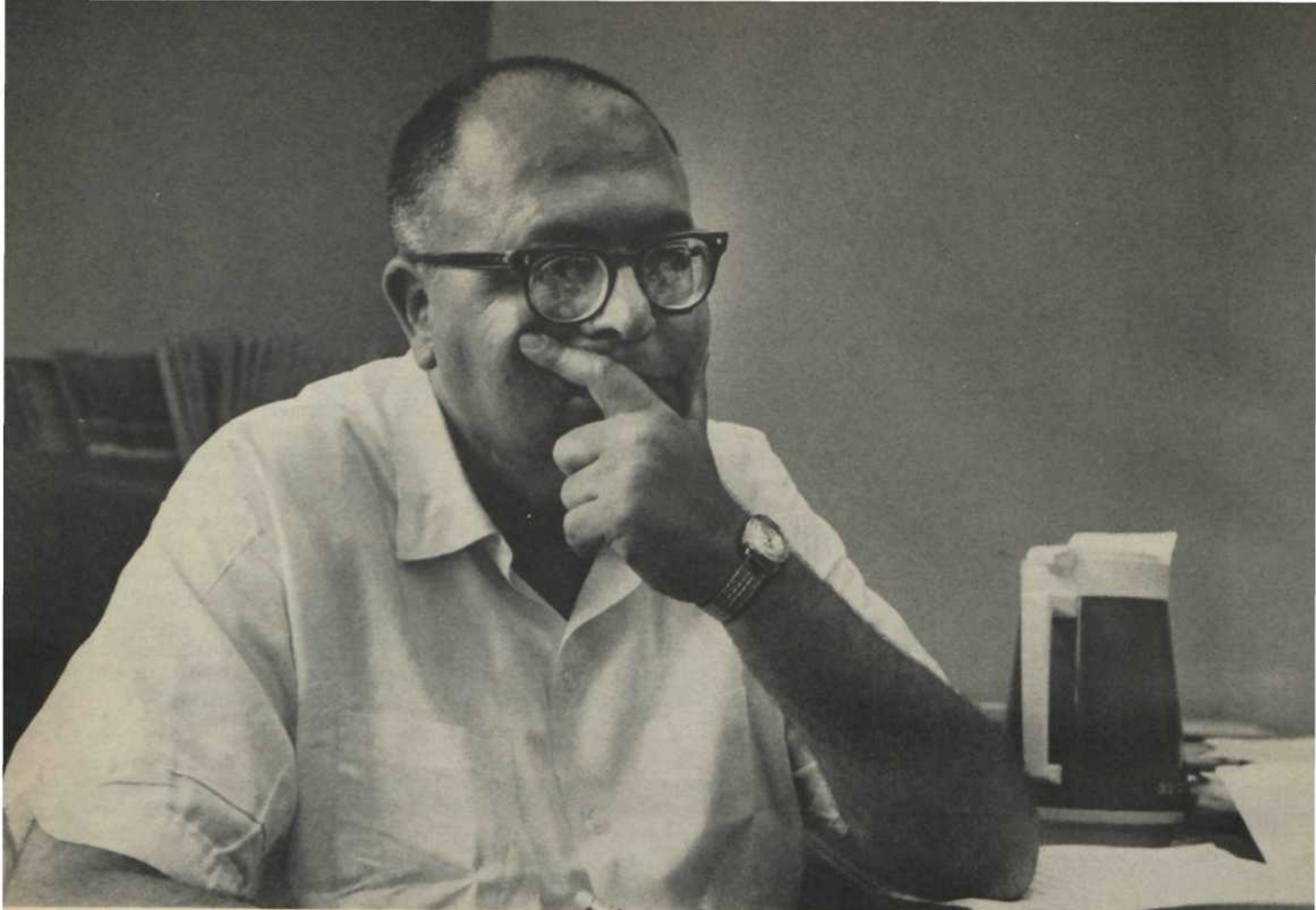
If you consider unemployment of under 15 weeks as an acceptable limit in these days of unemployment payments by both industry and

government, then we have had a serious unemployment situation of under 1.4 per cent of the labor force at any one time.

This includes people who want only part-time jobs, people who are not looking for full-time work. Over half of those who are unemployed report that they are looking for part-time work. If this is true of those out of work 15 weeks or more, then the number of them looking for full-time employment is about seven tenths of one per cent of the labor force, or about 500,000.

On the other side of the scale may be put the amount of time lost by those now working only part-time but who want full-time employment. This might add one half of one per cent to the unemployment figure. This, plus seven tenths of one per cent, would give a total of 1.2 per cent unemployed over 15 weeks or more or employed part-time but wanting to work full time. And there are some workers who have not been unemployed for long, but who had only a short period of employment at their last job. They may be seriously unemployed, but not show up in these figures.

Balancing all these factors off, a commonly accepted figure for the number of seriously unemployed is one million; that is, of a civilian labor force of about 73 million, approximately 1.4 per cent are seriously unemployed.



EXPERT EXAMINES

Prospects for war and peace

Military analyst tells how our role in world affairs is changing. An exclusive interview

Herman Kahn sees no nuclear war for at least a decade, but more local outbreaks

PHOTO: GUY GILLETTE

BUSINESS increasingly is affected by world trends. None is more important than the outlook for peace and war and our relations with other countries.

Much thinking about the future of the world, both short and long range, is being done in and out of the government.

One of the leading experts in national security affairs is Herman Kahn, a founder and director of Hudson Institute at Harmon-on-Hudson, New York. His primary concern is making studies in the problems of security, peace and war and their relationship to economic, social and political development.

Mr. Kahn is a consultant to the Department of Defense and various defense industries and lectures at universities and study centers both here and abroad.

He is the author of the book, "On Thermonuclear War," and its sequel, "Thinking About the Unthinkable."

A NATION'S BUSINESS editor visited Hudson Institute to talk with Mr. Kahn and bring you his authoritative views on critical questions in this exclusive interview.

Mr. Kahn, what are the prospects for real peace?

There's general fear of a cataclysm resulting from the dispersion of nuclear weapons, and it could happen. I would not be surprised if there were a major nuclear war before the year 2000. Indeed, this is one of the most likely roads to some high degree of arms control—a very destructive nuclear incident, with people getting concerned and doing something to prevent a recurrence.

On the other hand I don't foresee any serious confrontations with the Soviets in the next five years or a nuclear war in the next decade. There'll be relatively local outbreaks of trouble around the world, perhaps even more than we've been having. However, I expect we will take a rather disinterested attitude toward most of them.

On the whole, I think the relaxation of tensions is genuine and will make the cold war less intense in the immediate future.

Is the trend toward more peaceful relations throughout the world?

Not throughout the world. The Soviets will still push hard where they consider it safe and convenient. More important, as the intensity of the cold war de-

creases other nations will play a bigger role in international relations.

Is disarmament in sight?

I expect a slackening, or at least a lack of acceleration, of the arms race, but not an over-all arms control agreement. I anticipate more moves like those of President Johnson announcing a cut in plutonium production and the Russians announcing a similar cut. I do not expect a treaty, just implicit agreements which we hope will be observed on both sides.

You will also see some decreases in defense budgets. Ours should go down about \$10 billion to \$45 billion a year. It probably won't drop \$15 billion or more as some think.

Won't we try to control small wars and crises?

The major method of control is likely to be just to let people fight it out. We haven't done much of that yet. We have felt it essential to intervene in almost everything. In the future we are likely to be more loath to intervene, depending on the situation involved.

Why will we stay out?

For many reasons. It will be more dangerous to intervene, what with smaller countries having acquired nuclear effectiveness. We might be starting a larger war, with the chance that we might get hit, too.

I'm not saying we have to be isolationist. We might withhold intervention until a war began. I foresee a new style of isolationism, one that includes being more parsimonious, more austere, in our intervention.

We won't get into troublesome situations so automatically, so quickly or so deeply. We'll be interested, but more careful. We won't feel we're as much our neighbor's keeper, and our neighbors will not be dependent on us as they have been in the past decade or so.

You know, it's hard to intervene in a productive fashion, and in many cases our interventions have not been very successful.

Will such a policy undermine our position as a world leader and put us at the mercy of other countries?

This would be less likely than under a policy of automatic intervention.

We would still intervene strongly where world peace and our national interest were really threatened and where we could be effective. If we demonstrate that we will not intervene willy-nilly, we are less likely to be "blackmailed" by weak allies or alienate aggrieved nations who either wish our intervention or our abstention. If (continued on page 46)

Key Senator urges better help for the aging

By U. S. Senator George A. Smathers



GEORGE YAMES

The author first came to Congress as a member of the House of Representatives in 1947. Besides being chairman of the Senate Special Committee on Aging, he is a member of the Finance Committee, which handles all social security legislation, the Foreign Relations Committee, the Joint Committee on Internal Revenue Taxation and the Select Committee on Small Business. As secretary of the Majority Caucus, Senator Smathers is the third ranking Democrat in the Senate.

ONE of the most unfortunate distortions of public concern in recent times has become widespread in Washington and elsewhere around the country.

It involves an extremely valuable national asset—our wise and experienced older citizens.

Public attention and much political verbiage has focused with remarkable intensity on sickness among the aged. Certainly ill health is a matter for concern. But this attention has been so great and has been given so much publicity that it has pre-empted other vital matters connected with the aging segment of our population, matters which could ultimately contribute as much or more to their longevity.

In short, I am convinced that we have dwelt too much on the days that older citizens may be ill rather than on the years that they are well. We are

spending a disproportionate effort on considering how to deal with one problem and not enough on how to prevent many other problems of our aging citizens.

And when the problems of the aging are considered, even such other serious challenges as employment, housing, recreation and emotional attitudes, all too often the supposed panacea offered is massive public dole. An elderly gentleman who heads a small group of older people seeking political action recently testified before a subcommittee of the Senate Special Committee on Aging. He said: "There is only one way of solving the problems of older people once and for all. Give them plenty of money and the problems will disappear."

This is hardly the

(continued on page 68)



MEET TOMORROW'S UNION LEADERS

These men may affect your business
and shape future of organized labor

IMPORTANT CHANGES are coming in union leadership which can alter union policies, influence government, business and social trends and affect the future of your business.

Immediate interest revolves around who will run the Teamsters Union, largest and most powerful in the country, if James R. Hoffa is unable to continue as president because of a jail sentence or other legal involvement. More businesses are affected by the policies and activities of the Teamsters than by those of any other single union.

Looking further ahead, other important questions seem to concern who will succeed George Meany as president of the AFL-CIO and chief labor spokesman at the White House and international labor conference tables, and what will happen to the nine-year-old merged federation after the former Bronx plumber leaves the helm.

Will Walter Reuther take over?

Will Mr. Meany's successor be able to hold the federation of 131 unions with 13,500,000 members together? Or will we have another major split in the organized labor movement with more jurisdictional headaches for employers?

Figuring the answers to these questions has become a grim sort of game in top union circles as Mr. Hoffa's problems grow and Mr. Meany approaches his seventieth birthday on Aug. 16.

Other changes are also in the making as old-timers retire and others are forced out of leadership.

Under a new rule of the United Automobile Workers, Walter Reuther cannot be re-elected president after he reaches 65. While Mr. Reuther at 56 is a long way from retirement, speculation already has

begun as to who will succeed him then, or earlier if the former CIO president steps into Mr. Meany's shoes or leaves his auto workers' office for other reasons.

The speculation centers around a man who will be much in the news the next few weeks. He is Leonard Woodcock, UAW vice president, who is leading the union's bargaining team in key automobile industry labor contract negotiations with General Motors Corp. Auto workers' agreements with G.M., Ford and Chrysler expire at the end of August. The progress will be watched closely because of the possible impact of the outcome on the economy and on other industries.

Mr. Reuther will attend the opening and closing sessions, but it will be Mr. Woodcock, as director of the union's General Motors Department—as was Mr. Reuther—who will carry the ball in day-to-day bargaining. How it comes out could make or break his chances of succeeding Mr. Reuther.

Who will succeed Mr. Meany?

Mr. Reuther's name always comes up, and usually first, in any discussion of who will succeed Mr. Meany. This is to be expected, since he gave up the presidency of the CIO when it was merged with the AFL, is president of the federation's Industrial Union Department comprised of 59 unions with six million members, heads a faction of former CIO union leaders on the Executive Council, and is considered a rival of Mr. Meany for recognition as organized labor's top leader and spokesman.

But the view usually expressed, except by persons close to him, is that *(continued on page 71)*



Joseph Beirne of Communications Workers has broken with Walter Reuther and is closer to George Meany. He rates high as a compromise choice to become the next AFL-CIO president



Joseph Keenan of International Brotherhood of Electrical Workers would be successor to Mr. Meany but for his age. Even so, he may serve as interim president if need arises

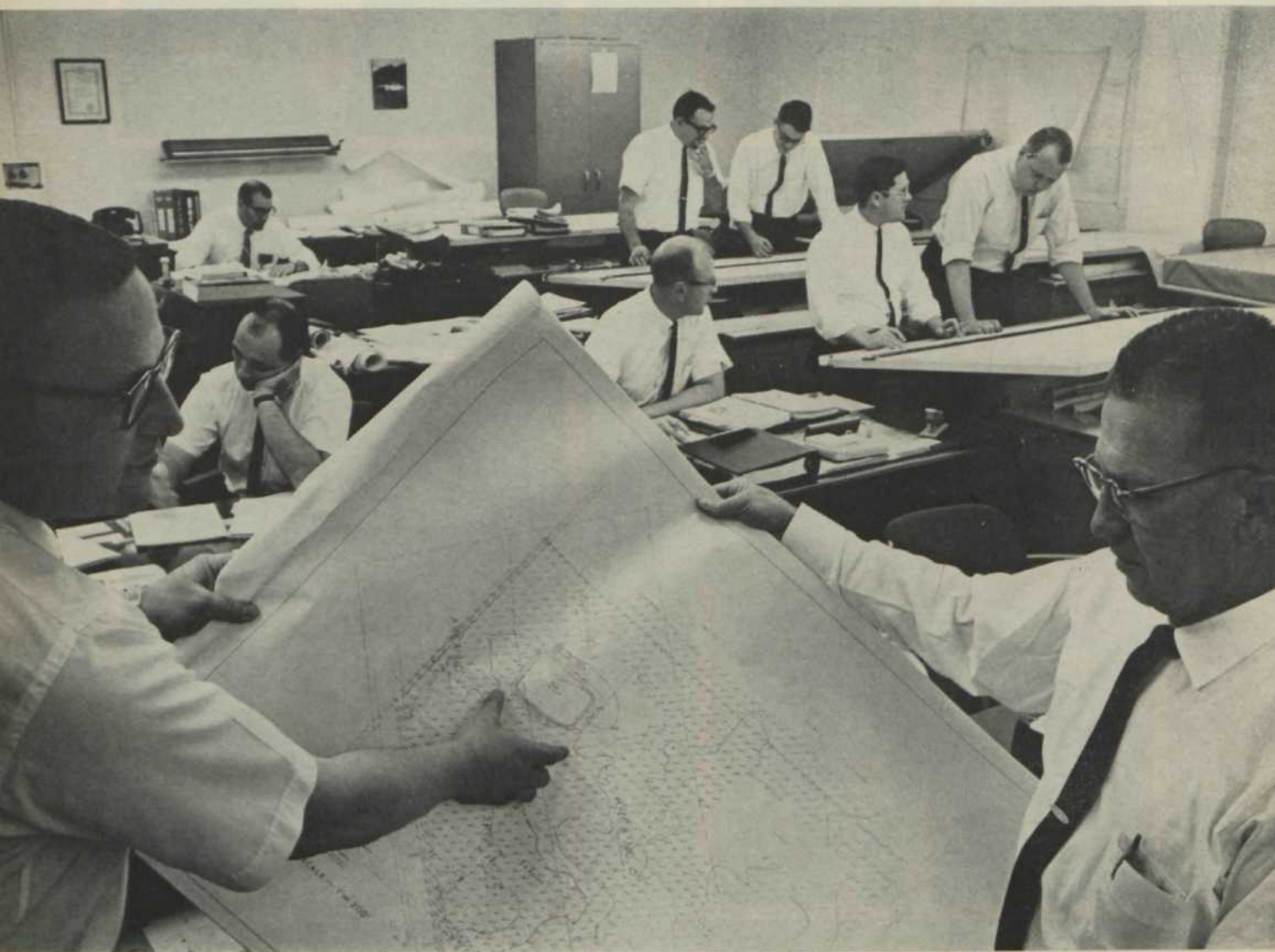


Leonard Woodcock, UAW vice president, seems a logical successor to Walter Reuther. Like Mr. Reuther, he's an intellectual. Success in General Motors talks will help his cause



Thomas Flynn, Teamster vice president, has popular support to succeed James Hoffa among members who fear Hoffa-Beck trend toward centralized power. He was aide to Dan Tobin

HOW WORLD'S BIGGEST PROFIT MAKES JOBS



BERNICE CLARK—PIX

Plans drawn up by staff of GM's Linus J. Rausch (right) and William E. Shuman will become by late 1965 a new Chevrolet assembly plant employing 4,800 workers

On-the-spot look at General Motors' \$2 billion expansion dramatizes the way business growth spreads across America to millions of homes

SOME PEOPLE still think profits are far too big.

Most businessmen, however, realize that profits are too small. The record \$56 billion in corporate profits before taxes forecast for 1964, for example, means only a 2.8 cent return on a dollar of sales.

Discussion of profits is making a growing number of influential people aware of a long-time truth about them. It's this: Business profits are a necessity in the search for continued growth in the economy and for a steady expansion in jobs.

"To get more jobs for our rapidly growing labor force," says Henry Ford II, chairman of the board of the Ford Motor Co., "we need more business investment, and the only way to get more investment is to reverse the steady decline in business profits. . . . The decision to invest or not to invest in a company is not based on that company's success in recovering the cost of its past capital outlays. The determining factor is the company's prospects for future profit."

By this standard, executives of the automobile industry believe prospects for future profits are good because nearly all auto manufacturers are expanding and creating jobs.

Mr. Ford's company itself plans to spend \$1.6 billion world-wide for expansion in the next three years, \$900 million of it in this country. Chrysler Corp.'s President Lynn A. Townsend says his company will spend \$1 billion on expansion here in the next four years—\$200 million of it this year for such projects as a \$100-million-plus stamping plant employing about 3,000 people now abuilding near Detroit.

Only American Motors Corp. among the big four hasn't kicked off a big new round of expansion—largely because it recently finished one.

Nowhere is Mr. Ford's thesis dramatized more clearly than at the Detroit headquarters of his chief competitor, General Motors Corp., the world's biggest manufacturing company in sales volume.

G.M. will earn more this year than any corporation has ever reported if it can keep up its first

quarter pace—about \$2 billion after taxes, or one fourth again as much as all the \$1 bills in circulation. To put profits in perspective, G.M.'s \$4.3 billion payroll last year was almost three times its net income of \$1.6 billion. Total tax payments topped \$2.2 billion.

What is the record-breaking profit being used for? These dollars, along with G.M.'s accumulation of profits from other recent years, are about to pay for a \$2 billion world-wide expansion program over the next two years, calculated to help the corporation take advantage of bright profit prospects in the future. About \$1.5 billion of the total capital spending is scheduled for plants in 30 cities in the U. S.

The result, as G.M.'s planners see it, will be jobs for an additional 50,000 production workers, not counting salaried management staff additions, in that company alone when the plants are in full production. Full production should be reached by 1970, Chairman Frederic F. Donner predicts, if U. S. auto sales rise to the 10 million a year forecast.

On top of these jobs will be jobs created for construction workers building the plants, for employees of suppliers of raw materials, machinery and other operating needs, and for workers in businesses catering to the stepped-up wants of more prosperous communities around the plants.

This employment increase can average as high as 65 nonindustrial jobs for every 100 industrial jobs added to a newly industrialized community, according to a study by the Chamber of Commerce of the United States.

How do profits of G.M.—or any other company—spread out in the economy when put to work?

Take a look at Lordstown, Ohio. You won't see much there now. The community, says Rep. Michael J. Kirwan, the Democrat who represents the area in Congress, "is not even a village." It's 12 miles from Youngstown and six from Warren in the northeastern section of the state.

This month, contractors are expected to begin preparation of some (continued on page 76)

A LOOK AHEAD

Latest sales facts due

(Marketing)

Stockholder shifts ahead

(Credit & Finance)

New farm glut threatens

(Agriculture)

AGRICULTURE

There's trouble in the hen house. That's where the next farm crisis could erupt, top authorities warn.

Eggs are the problem. The industry's going through a revolution that's about to hit its peak.

"We're going to have a 100 per cent commercialized industry fast," declares a Chicago egg expert. Few backyard chicken houses. Growing numbers of efficient, automated egg factories. Some units will produce more than one million eggs a day each, most tied directly to marketing outlets by contract or direct ownership. Results include lower unit costs, better eggs.

U. S. Agriculture Department seers are warning of overproduction. Prices are down, will probably drop further during next five years as more big units open. So far, small producers have cushioned the price drop by switching from eggs to other crops. Now they're about gone.

Further steep price declines will hurt egg producers with big investments, say USDA men. That may bring screams from producers, financial backers; big units cost \$5 or more per hen in investment or a half million dollars for 100,000 hen outfit.

Others are less worried. They see fewer swings in prices, quality, more efficient marketing.

But all agree egg consumption declines as fewer people eat big

breakfasts. Americans will eat less than 316 eggs each in 1964, compared with 376 only 10 years ago.

CONSTRUCTION

More companies are putting money into holes in the ground.

The latest: shallow caverns for holding liquefied natural gas. Gas refiners freeze the earth around the caverns and keep it frozen. This holds liquefied gas as liquid. Yes, it's an expensive process, say the experts. But it still provides economical storage to meet rising demands.

Still very new, the first caverns are now being built. Gaseous gas has been stored in rock formations for some time.

Water pollution worries will spur other industries to put wastes underground, Interior Department mineral men predict. Company systems dispose of wastes from making insecticides as well as acids, oil refinery drippings in subsurface porous rock. Atomic Energy Commission studies putting more waste underground instead of sealing it in containers on the surface.

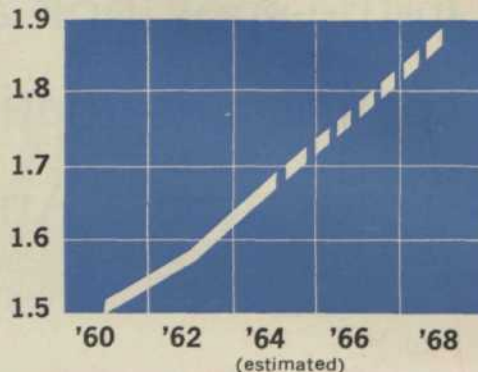
Other firms use old limestone mines, salt caverns for storing records and tires, processing micro-filmed data, other needs.

CREDIT & FINANCE

More shareholders, yet more concentration of ownership in financial

Gasoline sales will climb

(billions of 42 gallon barrels)



institutions. So projects the New York Stock Exchange for 1980 on the basis of present trends.

Financial institutions—banks, insurance and investment companies, pension and trust funds, others—now own some 20 per cent of Big Board issues. Trends point to 24 per cent by 1970 and 30 per cent 10 years later.

The 17 million shareholders of publicly held corporations, at last count in 1962, have been climbing at a one-million-a-year rate. They should zoom to 35 million by 1980, NYSE figures.

If you want a new look at an average stockholder—not counting the institutions—Ford Motor Co. offers the latest. It says its typical stockholder is a man, 55, who owns stock in six other companies. Occupationally, about 25 per cent are in management; 19 per cent professional or semiprofessionals; 18 per cent work in clerical or sales jobs. More than half attended college.

FOREIGN TRADE

Water- and air-borne schemes for promotion of U. S. exports may help your sales.

Commerce Department right now is assessing sales-boosting value of mobile trade fairs. Federal aides on first trade fair ship partly subsidized by U. S. are analyzing its success. The ship, Delta Steamship's *S.S. Del Sud* sponsored by Mississippi Valley World Trade

Club of New Orleans, visited Brazil, Venezuela, Uruguay.

Three other U. S.-backed plans are in the works. An exhibit of American synthetic, cooling, office products leaves this fall for Europe, Africa, South America. American Export-Isbrandtsen, Farrell, Grace lines will sponsor it. Another floating fair in a converted tanker plans stops at round-world ports. Global Presentations, Inc., expects to fly DC 7-B show planes around West Europe.

Touring exhibits hope to attract en masse foreign buyers that individual firms couldn't reach otherwise. Enthusiasts figure the schemes will help medium, smaller exporters the most. Uncle Sam helps pick up tab on overseas costs such as advertising, port clearance charges.

LABOR

Union politicians will step up their activities in local, state campaigns.

A top target: schools.

"We all want better schools and decent local services from our cities," says M. A. Hutcheson, Carpenters' president. "These we cannot have unless we make our voices heard through competent and intelligent members of the city council."

Such issues may pep up laborites who are unenthusiastic about President Johnson, strategists figure. They see a job in selling LBJ to their members. Plans include a speech by the President to Steelworkers' convention in September.

AFL-CIO takes credit for the tax cut in raising campaign money from members. It seeks \$1 per member for COPE, its political arm. COPE pamphlet claims "liberal, pro-worker candidates" it supported in past Senate, House races were instrumental in tax-cut votes.

MARKETING

Newest facts for plotting your marketing strategy, other planning will begin spewing from government computers in a few months. That's when results of the 1964 business census start rolling.

First reports will tally retail, wholesale and service establishments, their sales, payrolls, employees state-by-state with county and city breakdowns.

Early in '65, nose count of manufacturers, mineral industry will come out state by state. Final breakdowns of businesses by city aren't due until late next year.

Added attraction this year: Sales, other data about individual merchandise lines; how many of what kind of shoes have been sold, for instance. Census takers used to collect these details years ago but quit because of difficulty in getting good statistics. Now, they think they've licked the problems.

NATURAL RESOURCES

Try this one on your cost-conscious associates: What's the dollars-and-cents value of the water a ship sails in? Or a gallon of the water that drives a hydroelectric turbine?

Who cares? In general, economists who worry about whether the nation's water resources are being put to best use. The Northwest Pulp and Paper Association of Seattle, specifically. That industry depends on having plenty of water. So it put two University of Washington professors to finding the answers under the direction of consultant H. Dewayne Kreager.

The study deals with the Pacific Northwest, which has more water than most other parts of the country. But specialists say the system can be used elsewhere.

Counting all uses, the researchers figured one acre-foot of water (one acre covered one-foot deep) in the Northwest is worth about 14 cents nowadays.

Rising demands will make it worth 28 cents by year 2000. Total value of water there: \$289 million now, \$823 million then.

Value of water for navigation? Just over two cents an acre-foot. For generating power, nine cents. Water's value to commercial fishermen is about one third of a cent.

P. S. For the value of one gallon, divide by 325,828, the number of gallons in an acre-foot.

TAXATION

Stiffer foreign taxes on U. S. subsidiaries abroad? Germany, for one, wants to impose them.

Bonn's negotiators talk taxes with Treasury Department this month. They seek changes in the present treaty barring double taxation because of changes in their corporate tax system.

West Germany wants to withhold 25 per cent of dividends paid by a German subsidiary to its U. S. parent. Present treaty sets limit at 15 per cent. Germans claim present system gives U. S. firms tax advantage over local competitors. Americans counter that withholding blocks free flow of capital.

Administration, meanwhile, presses underdeveloped countries to sign tax treaties with us. Talks take place with Philippines, Thailand, among others. U. S. argues treaties will help attract American investors by eliminating many tax uncertainties.

TRANSPORTATION

Vacation motorists will help boost service station sales above a new benchmark this year—\$20 billion.

Auto travelers on vacation, pleasure trips will spend \$13 billion from May through September, the American Automobile Association estimates. Of each dollar, transportation will get 20 cents; lodging 28; food 29; entertainment 11, and other spending, 12.

These 64 million motorists will drive 90 billion miles—up from 70 billion last year. Most of the jaunts—85 per cent—will be less than 500 miles long.

Despite such totals, vacation travel accounts for only about 25 per cent of family cars' mileage. Family business—commuting, shopping, shuttling kids—runs up most of the miles.

Oil companies foresee a three per cent annual climb in gasoline consumption over next five years. Main reason: more people. Industry economists generally figure present ratio of one car per 1.5 persons of driving age won't change much, perhaps to 1.3 by 1975.

UNEMPLOYMENT

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the best years of the 1950's, is a problem now, and is likely still to be a problem in the 1970's. Government has tended to attack it by trying to move industry to the depressed areas. In some cases that may be an attempt to sweep back the tide. The depressed areas may be depressed because of a lack of balanced resources, because of a lack of good roads, or because of political or social patterns that tend to make industry unprofitable. Possibly the youngsters or other unemployed in some of these areas should be trained for jobs that are available elsewhere and moved there.

Migration from farms

A fifth source of unemployment is migration from the farms. Our agricultural policy still supports marginal farms and discourages the highest efficiency in farming.

Many of the migrants may wind up among the nonfarm unemployed.

Over-all solutions to the unemployment problem are as yet unknown. There will be many suggested approaches to the problem. Some of these would only treat the symptoms.

One example is the suggestion of less overtime and less moonlighting.

There are three main reasons why this will not work.

First, it is increasingly cheaper to use overtime than to employ more people. This is in part a result of the higher fringe benefits negotiated by labor unions. Overtime rates were written into law originally on the assumption that such a penalty would discourage overtime. But the growth of fringe benefits and the fact that union members like overtime has brought changes in cost relationships and in attitudes which result in an increasing emphasis on overtime as business increases.

Secondly, overtime is used because less and less of today's production is accounted for by blue collar workers, the workers who can be added or dropped as the volume of production fluctuates. Production is now handled more and more by white collar workers who manage machines and by skilled labor, both of which must be kept whether they are employed all the time or not, to protect the labor supply of the company. Such labor can go to full-time operation when business picks up and can be put on overtime if the staff is not large enough to handle production on regular time.

Who can be fired

Production is moving toward a state in which only unskilled workers may be fired. But as unskilled

labor is a declining proportion of total employment, hiring and firing of unskilled labor has a smaller and smaller impact on total employment and on unemployment.

Union efforts to cut hours are not necessarily directed entirely at spreading work, but are another method of getting more overtime, more pay for the same number of hours. Union leaders and their members are likely to be at odds to some extent at this point. The members like overtime pay but some union leaders would like to cut the hours actually worked so as to provide more jobs and therefore more dues-paying members.

The third reason flows from the nature of the production process. It is a carefully integrated operation. If production must be stepped up 10 per cent in a given week, the unemployed cannot be put on the machines after hours. The work must be handled by those who know not only the machines but how they fit together, how production as a whole is handled.

Purely routine operations can be turned over to workers with relatively little training. But much of the work must be handled at all times by those familiar with the operation of the shop or the office.

A high percentage of those working overtime are white-collar employees, workers it would be particularly difficult to replace for short periods. They include people who have to keep the many operations going. And finally self-employed people make up a large share of the overtime workers. They cannot be forced to hire help to do their own work.

As a result of these developments, overtime is now the highest that has ever been reported. Employment of over 40 hours a week is now common for more than 20 million workers. This is about a third of the total working in nonagricultural industries.

Problems and solution

Unemployment must be held to an acceptable level. This may be defined as a level necessary to allow for migration from area to area and job to job and to provide enough of a labor supply to support growth and innovation.

It should be large enough to discourage inflationary pressures on wages on the one hand, but small enough to encourage employers to raise wages in line with changes in productivity on the other. And for any individual seriously hunting a job, it should not last longer than

Watch for:

Why you must be a negotiator

Traditional concept of boss-subordinate relationship in business organizations no longer holds true, says Columbia University management expert. He explains in this article that successful executives must be able to deal with many other managers who are neither boss nor subordinate. You can put the results of his research to work in your own company.

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Nation's Business

GOLFERS AND
ARMCHAIR EXPERTS:

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AND CASH IN ON 1,083 PRIZES!

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TWO WAYS TO WIN... Choose either of two ways to "Beat Bing" and win an expense-paid week for two at Pebble Beach during the Crosby Pro-Am Golf Tournament.

GOLFERS Play a round of golf between July 11 and August 30 at any regulation 18-hole golf course. Fill in your hole-by-hole score on the official entry

form available at your golf course or local "Thermo-Fax" Products dealer. If your score is lower than Bing's, you become eligible to win one of over 500 prizes.

ARMCHAIR EXPERTS Predict what score Bing will shoot in his round at the Wilshire Country Club. Par there is 71, and Bing's current handicap is 7. Enter your prediction on the coupon below and mail. If your prediction is right, you are eligible for one of over 500 prizes.

WIN A GOLF TRIP TO TUCSON!

39 golfers who better Bing's score will compete in the "Beat Bing" playoffs at the Tucson National Golf Club in Arizona next October... all expenses paid! "Der Bingle," himself, will be there to meet you! 10 top Tucson winners and their wives go to the Crosby Pro-Am in Pebble Beach next January. Four actually play in the tournament and appear on national television!

WIN A TRIP FOR TWO TO PEBBLE BEACH!

In addition to the 10 Tucson playoff winners, 3 armchair experts who predict Bing's net score correctly also win trips for two to Pebble Beach during the Crosby Pro-Am tournament next January. Put your prediction on the coupon below, clip it out and mail it in. All Pebble Beach trip winners stay at the beautiful Casa Munras Garden Hotel in Monterey.

"BEAT BING" HERE!



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24 remarkable new Revere Power Zoom movie cameras!



1000 Munsingwear "Grand Slam" shirts to armchair experts and active golfers!



Fly American Airlines Astrojet with its fan-jet engines to Tucson and Pebble Beach!

WIN A POWER-PACKED 1965 MERCURY!

Bonus Prize: Both golfers and armchair experts who "Beat Bing" and who see a demonstration of a "Thermo-Fax" or 3M Brand business machine before October 2 are eligible to win the proven performance champion—a beautiful, new Mercury. Lucky winner will have his 1965 Mercury presented on national television! All Pebble Beach trip winners who see a "Thermo-Fax" or 3M Brand business machine demonstration will have their pictures taken with Bing Crosby at the tournament (and he'll autograph it, of course!)



Armchair Experts: I predict Bing Crosby's 18-hole net score at Wilshire Country Club will be:

(Net score is gross minus handicap. Bing's current handicap is 7.)

☐ I want to qualify for the Bonus prize—a beautiful 1965 Mercury—by seeing a personal demonstration of a "Thermo-Fax" or 3M Brand business machine. CHECK one below:

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☐ 3M Automatic Dry Photo-Copier
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UNEMPLOYMENT

continued

unemployment benefits are paid and preferably not that long.

The objective of holding unemployment within these limits can be met only if each of the five separate classes of unemployment—youth, unskilled, those with obsolete skills, those living in depressed areas and those migrating from the farm to the city—is attacked separately.

If business does not take leadership in eliminating serious unemployment, the government will impose limitations on business freedom to fire and to set conditions of employment.

The solutions may not be as easy as some seem to think.

In the next decade the labor force will grow as fast, or faster, than the population. This will put difficulties in the way of handling serious unemployment. It will add to the importance of understanding the five major problems, and of attacking each one intelligently and vigorously. —ROBINSON NEWCOMB

WAR AND PEACE

continued from page 35

we are not expected to intervene, others cannot manipulate us.

What about our status as a world power?

We may lose some status, but that's inevitable because other countries are getting stronger and we'll no longer be one of only two or three world leaders.

Will the trend toward more welfare services affect our military capability?

It may not be disastrous, but it will have negative effects which some of the welfare enthusiasts don't really understand.

The welfare state has a tendency to reduce incentive to save and to be enterprising. It raises taxes and the cost of doing business. It often doesn't increase productivity and thus is a charge on the community. In many of its aspects it's a luxury.

It may make us less fit to bear a serious crisis—or more fit, depending on what we do. I'll explain. It's good to have an educated population and on the whole that is productive. But when you have very large fixed charges on the economy, and then the economy is strained by



These farm machines have a lot in common

More and more farmers are finding a Hughes helicopter will help them get more work done in less time — with a relatively low investment. The new Hughes 300 3-place helicopter, for example, costs only \$29,875. That is 30% to 40% less than any other 3-place helicopter. And direct operating cost (formerly a drawback to helicopter ownership) is just \$11.92 per flying hour, including maintenance.

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WAR AND PEACE

continued

some outside event, like a war or major disaster, it may be difficult to meet both the charges and the new demands. Then you create a lot of social unrest.

Does this handicap our ability to mobilize for a crisis?

On the whole, yes. But it goes two ways. Welfare services may improve morale, but we may also handicap ourselves if the resources we devote to these services are very large and cannot be diverted to increased production.

How does this retard incentive and enterprise?

First I want to say that the amount that it does can be overestimated. For example, there are people who like to invent and will work very hard whether or not they are paid adequately for it in money.

But many people just won't work as hard if they don't get fair reward. Others won't get an opportunity to be creative if the system gets to be too stratified and restricts mobility and opportunity.

Anything we do tends to cost something. We have to look at it and see if it's worth the price.

How does our technology stack up against that of the Soviets?

On the whole we look very good. We're not working as hard as we used to, but we don't think the Soviets are, either. We expect to keep more or less ahead. It wouldn't surprise me if the Europeans surge forward and give us real competition.

Do you anticipate change in the North Atlantic Treaty Organization?

I would be surprised if, when the NATO alliance is renewed in 1969, we continue tight control by a single commander-in-chief. My guess is we'll end up with a sort of classical alliance where you have coordination of military services but not integration.

Do you expect the creation of a United Nations police force?

We have one already in the sense that countries like Norway, Sweden, Denmark, and, I believe Canada have assigned troops to be available to the UN in case of need. I doubt if we'll go much further, say to a permanent UN standing army, unless there is a much further decrease in U. S.-Soviet tension.

Will most countries have missiles as well as nuclear weapons?

That's likely. A research missile is already being offered on the market for \$600,000. It's a complete system supposedly for research in the upper atmosphere and space. But it doesn't take much to convert it into a weapons system.

Will international diplomacy change?

It will be more like 1914 or 1939. There'll be more power centers, more negotiations, more flexibility, more alliances and more countries on stage.

Will General de Gaulle be a problem?

General de Gaulle is simply accelerating a trend which was inevitable. Europeans have had about 12 years of sustained growth. They

Who will succeed

George Meany? Or

Walter Reuther?

See "Meet Tomorrow's

Union Leaders," page 38

are self-confident. Their society and land have been restored. Perceived threats from the Soviet Union have decreased. That means the alliance has to change in character in a very important way.

To put it differently, Europe was the center of the world for 300 or 400 years. It suffered an eclipse of 20 to 25 years. It's likely to come back to some degree.

What is the future of West Germany?

It is the biggest single question because it is the one important nation having access to modern technology that is not satisfied with its condition. When we talk today of how wars may start, the discussion tends to revolve around one aspect or another of the German question like the East German border, East Germany, Berlin.

I'm not saying Germany is the only danger, but it is obviously one of the big dangers.

It is very important that the West Germans be able to satisfy their legitimate aspirations in a reasonable way, so they won't go off on their own half cocked. It is very desirable to have some kind of tight European Community. If that does occur, I think Germany will be one of the major powers in the late 1970's or the '80's—maybe the third or fourth great power in the world.

END

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MAKE THE MOST OF NEW IDEAS

Businessmen tell how you can get projects off to a good start

"IT'S NOT GETTING new ideas that is hardest. All the talk about stimulating creativeness is fine, but it stops short of the main problem. It's putting new ideas to work and giving them a fair chance that stumps most companies."

That remark by one company head seems to express the underlying feelings of a great many businessmen.

The heavy toll of money and morale exacted by ideas that fail is not inevitable. There are ways to improve your average, and they can be grouped under one heading: more preparation.

Even firms that turn near-defeat into victory owe much of their success to the fact that they anticipate disappointments and mentally prepare to cope with them.

Three questions should be thoroughly explored before any move is made:

1. How much shall we risk on this idea?
2. Who should work on it?
3. What shall we do if things go wrong?

Every company asks these questions, but seldom emphasizes them enough. Each is sometimes asked superficially, with emphasis on "What is convenient to do now?" rather than "What will maximize the chance of success?" The amount to be risked usually is based on availability of cash, instead of real requirements of the project. The personnel decisions often are based on the men available to take on added duties.

How much to risk

Preparation starts with the decision of how much effort to make with a new idea. There is a tendency to be either timid or bold, depending on the state of company finances and general optimism in the economy. But the project itself should be the basis for this decision—not the atmosphere that happens to surround it at a given moment.

How much money, managerial time and prestige are to be invested? The more important the idea, the more it involves the hard decision of whether to go ahead in a small way in order to minimize risk or to venture more fully—with greater risk, but also with more chance of success.

Distinguish between an idea that can be implemented little-by-little and one that must be done in a major way. Some plans can be attempted piecemeal and often they should be. Others are almost certainly doomed to failure if done by halves. Two contrasting examples show why the alternative may or may not exist:

A book publishing firm decided to try selling by direct mail. It was able to make small test mailings to a few thousand prospects in each of several cities, then pause to draw its conclusions before investing in mailing to millions.

But when a Midwest department store chain decided to test the appeal of fancy imported foods, it found that a minor attempt was costly and inconclusive. The cost of selecting, displaying and advertising a few imports added almost as heavily to overhead as a larger-scale program would have done. Yet the customers who were attracted to the import counters were

less likely to buy because the selections were so limited.

Once it is determined which of these categories the new idea falls into, the decision becomes much simpler. If it can be carried out bit-by-bit without loss of opportunity, a trial beginning may be in order. If not, there is no further question: Any effort must be an all-out effort. Without going through this preparatory step, the frequent expedient of starting in a small way may be only a waste of money and effort.

Through and beyond

There is a second advance decision to be made before going ahead: identifying the men who are most likely to make the idea work. To do this, it's not enough to look at the new idea; it is time to look through it and beyond it to the further question: What new problems will this raise? What are the principal challenges? What new forms of creativeness are required?

The people to carry out the job should be selected on the basis of answers to these questions—whether it involves just one supervisor who will be adding a part-time duty or a staff of executives who will run an entirely new operation.

A growing chain of department and discount stores decided about a year ago that there was a need for all its regional and store managers to exchange views and standardize their operating methods.

Having determined that a national meeting was the way to accomplish this, management assigned a staff assistant to set up the conference. He was a competent man, but lacked a deep understanding of the problems each kind of manager faced. The practical arrangements were handled well, but the man in charge had not asked himself, "What subjects will interest all of the managers? Which ones will interest only the discounters? Which ones are mainly for the personnel men? What problems are worrying our higher-priced department stores?" And so on.

The group spent five days listening to talks—mostly by men from the head office—that failed to get at the core of their problems.

The meeting was saved from total failure only by the questions that some of the men asked spontaneously and the informal discussions that resulted. But since there had been no preparation for taking up those questions, the benefits were limited.

By contrast, when the makers of Johnson's Wax had a similar prob-

Three questions hold key to success of new venture:

1. How much shall we risk on this idea?
2. Who should work on the new project?
3. What shall we do if things go wrong?

lem their idea for solving it was put to work in a way that has given the idea unexpected impact. S. C. Johnson & Son, Inc., had been looking for ways to keep its executives overseas posted on new developments. The firm had launched a new products program—adding spray furniture polishes, auto cleaner-waxes and insecticides to its line. At the same time it was expanding internationally, putting plants and outlets into many countries abroad. Because Johnson was branching out so widely, the resulting communications problem was acute.

Howard M. Packard, now president, suggested bringing Johnson executives from many countries together in an international marketing conference.

Although it was new for Johnson, the plan was not very different from what many companies do periodically.

"But it's how the meeting is put together that counts," says Mr. Packard. "All too often companies leave these things to people who concern themselves more with ho-

tel arrangements and impressively drawn agendas than with the real ideas to be put across.

"We decided that the efforts of our top people were needed. Every pertinent operation in the company was represented on the arranging committee; and every man called on his own experience to foresee what our overseas colleagues would want to learn. Our aim was to make these people a real part of our growth, not just to impress them with our successes. To do that, we had to make them understand the problems still ahead. We had to address them with complete frankness, and that's a decision that only your high-level people can make. So the 61 conferees who arrived at our Racine headquarters were getting the concentrated efforts of Johnson's best talent."

The meeting worked out so well that another was held in London in 1961. On this occasion—the company's seventy-fifth anniversary—112 officials from 26 countries came. There was an unexpected bonus.

"We were not just communicating head-office ideas to an audience,"

Executive Vice President Samuel C. Johnson recalls. "We were beginning to swap thoughts with men who felt increasingly united with us."

The conferees had varied backgrounds. Not only were they from many nations; some were from wholly owned subsidiaries, some from joint-venture companies, some from independent firms operating under Johnson license. Yet the planning that went into the program reached every man directly.

Many tangible benefits came out of the program, including impetus to a decision to centralize manufacturing at two European plants—one in the Netherlands to serve Common Market countries and another in England for the seven nations of the European Free Trade Association. "Seeing how well the men from so many countries could think and work together in a meeting gave us the confidence that national boundaries need not separate our operations best handled on a centralized basis," says Mr. Johnson.

By last month, when Johnson



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NEW IDEAS

continued

brought 175 executives from 37 countries to a global forum in New York, the evolving world-wide unity of Johnson operations had become the principal theme. The emphasis was deliberately put on exchanging creative ideas—arranging for the men from abroad to give as well as get views on packaging, labeling, advertising and merchandising.

The moral is not that meetings should always be set up by a company's top managers. It is that the talent to be invested in any new plan must be equal to the size and nature of the problem.

Keep the idea fed

Men who have seen many ideas fail and some succeed believe the chief mistake most firms make is to wean the infant idea too soon, set it to work on its own as though it were an established fact. Instead, it must be fed steadily with more ideas as it develops.

Failures come from assuming too quickly that the creative stage of things is over and that only a practical job of work remains. The line between creativeness and executive action is not that sharp. Any new idea, whether it is a complex invention or a slight improvement in sales technique, will cause added problems to crop up. Because they arise out of this altered situation, they are genuinely new problems, never faced before in quite this way. So they call for still more creativeness to solve them. Before the original idea becomes a routine operation, then, it has to be surrounded by scores of satellite ideas.

The chance of success is improved by thinking of the starting steps not as a move from the creative to the practical, but as a series of related new challenges.

A New Englander named Channing L. Bete was running an advertising agency several years ago when he got the idea that companies should look for simpler ways to tell their stories. "When we make a presentation to a client, we use just a few words and pictures to sell them on our plan," he told his associates. "Why shouldn't such an abbreviated style be the best way to deliver any kind of message—advertising, technical explanations, employee relations, or any other?" Everyone who heard this nodded, but without any show of real enthusiasm.

Mr. Bete persisted in experiment-

JUNIOR COLLEGE DEVELOPMENT IN 4-STATE AREA OF SOUTHEAST OUTPACES NATION

Rate of increase in 2-Year Colleges for Alabama, Georgia, Florida and Mississippi More Than 3 Times that of U.S.

Junior colleges have increased from 53 to 84, or 58%, during the period 1953-1963 in Alabama, Georgia, Florida and Mississippi. The increase for the U.S. during the same period was from 594 to 703, or 18%. The 4-state area also led in rate of student enrollment in these institutions with an increase of 115% compared with 61% for the nation.*



In this 4-state area, junior colleges have succeeded so well that funds have been allocated for 21 new ones. Four will open in September, 1964; all 21 will begin classes by September, 1965.**

Vital success factors have been *quality of instruction* and *admission requirements*. Faculty members are required to hold Master's degrees, or equivalents, under the standards of the Southern Association of Colleges and Schools.

These colleges offer courses paralleling the first two years of 4-year colleges, as well as terminal programs which can be completed in 2 years. The latter include technology of building construction, electrical engineering, air conditioning, electronics, data processing, and accounting. Demand for graduates of these institutions far exceeds supply.

Easing the demand on the pocketbooks of both taxpayers and students, these junior colleges offer *opportunities* for higher education without the expense of dormitories and certain other facilities. All students may commute.

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*American Association of Junior Colleges

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NEW IDEAS

continued

ing for several months, and he finally devised a style of writing that combines a few key words plus cartoon figures to tell a story simply and memorably. He dubbed the technique scriptography. The idea continued to meet with a limp reception from most of the people Mr. Bete consulted, but he was encouraged by one favorable sign: There was at the time an upsurge of interest in employee information reading racks that many large companies maintained for their workers. Mr. Bete thought booklets written in scriptographic style would be ideal for that purpose, and his opinion seemed to be confirmed when he sold more than a million copies of his first scriptographic books in a few months.

Taking that as a sign that it was time to move, Mr. Bete sold the advertising end of his agency and turned most of his attention to the new plan. Almost at once a crisis struck. Recession clouds began to blow over the U. S. economy, and the reading racks were one of the first things to be cut by many companies. Mr. Bete's major source of expected business never really

materialized. He took this as a signal that his idea had to be adapted to other purposes, and began to publish scriptographic booklets for a wide variety of government and industrial uses: A recruiting booklet for the Army, explanatory brochures for the Social Security Administration and the Red Cross, books to help General Motors, T.W.A., Fairbanks-Morse and other firms communicate with their employees or stockholders.

After firming up his company's financial footings, Mr. Bete continued to look for wider uses for his idea. He has since published more than 100 books, including some that teach grammar and punctuation to students, scriptographic explanations of the U. S. Constitution and how Congress works, and booklets for the general public that clarify the workings of an automobile and the details of home buying.

Some businessmen who have observed Mr. Bete's operation from a distance think his success comes mainly from having applied his artist's imagination to the selling end of his business. They are impressed by his meticulous system for combing the country in search of every potential customer. "Before he published a booklet called 'You and Your Library Card,' he knew exactly how many libraries and librarians in the U. S. might be quantity buyers—and he knew how to reach them by direct mail," says a former associate.

Today an important part of the Channing L. Bete Co.'s offices in Greenfield, Mass., is occupied by an elaborate I.B.M. system for keeping track of past customers and new prospects—matching up products and buyers with unusual precision.

Getting set for trouble

If you know beforehand that problems are likely to develop, and if you have some fallback positions prepared, your chance of eventual success is greatly improved.

There is a critical moment during the trial of most new ideas. The decision to make a try has been made, but within weeks or months the project seems to be going poorly. Are the only alternatives to keep pushing ahead grimly or to drop it? Unfortunately, that's the impression most executives have. To change or alter the plan seems in itself to be another new idea and the very thought of trying the untried has become distasteful.

"Actually, there is every reason to apply a number of variations

before abandoning any plan," one company controller points out. "The fact that it was tried to begin with is evidence that it had merit. And if experience means anything, it should be borne in mind that most of the successful operations booming and profiting around us today represent departures from their original intent."

But how does a man—or a company—develop the determination to think of new variations when an idea is in trouble? "The answer lies in planning from the very beginning to change and adjust as time goes on," says this leading financial man.

The will to change

The difficulty of using new ideas well is as much psychological as it is practical. For every creative idea seems, in the beginning, to raise more problems than it solves. Worse yet, it may solve no problems at all. Very often it is an advantage, an improvement, but in an area where there had been no major trouble. In those cases, the prospect of stirring problems where none had existed requires more than a little will power. Invariably, some workers will be inconvenienced, old ways of operating upset, new outlays will have to be made and often there is risk of losing time, money or customers.

All these factors create mental pressures that affect the judgment of even the coolest executives. They cannot be eliminated, but they can be minimized by knowing in advance that the new idea will create unknown questions, unforeseen troubles, unwanted changes. And these can be dealt with most successfully by determining that the mind will be left open to adjustment as the work progresses.

"The job itself must be the boss," Charles F. Kettering used to tell his subordinates at General Motors. It can tell you what needs to be done next if you're willing to turn away from preconceived plans and watch for new clues to action. "Quit butting in with your theories and let the engine do the talking," Mr. Kettering once quipped. "You are a good engineer, but were you ever a piston in a diesel engine?"

—CHARLES A. CERAMI

REPRINTS of "Make the Most of New Ideas" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per 1,000 postpaid from Nation's Business, 1615 H St., N.W., Washington, D.C. 20006. Please enclose remittance with order.

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Good times will get better

Leading businessmen say there's lots of zip left in current expansion. Here's why they're bullish

AMERICA'S ECONOMY will do a lot more surging before it begins to sag.

That sums up the mood of leading executives in a cross section of business and industry.

In a new semiannual survey of business expectations, NATION'S BUSINESS finds three fourths of the businessmen polled look for more growth in the next 12 months than we have experienced in the past 12.

Thirty-five per cent say flatly that they don't expect a downturn either this year or next, despite the fact that the economy is entering its forty-first month of uninterrupted growth. Some put the next recession as far away as mid-1966.

Things look so good that it scares some business leaders. "I can't find any cause for pessimism," one company president asserts, "unless it's the fact that there is so darned much optimism around."

Here—briefly—is how more than 200 top managers view the next 12 months:

► Eighty-four per cent expect sales of their own companies to do better in the next 12 months than they have in the past 12; only two per cent anticipate a decline.

► Fifty per cent look for improvement in their profit per dollar of sales; 38 per cent say it will hold

at about the same level, and only seven per cent anticipate falling profits.

► Thirty-six per cent say they'll hire more people in the coming 12 months than they have in the past 12; 55 per cent expect their employment to remain about the same, and only nine per cent predict a decrease.

► Eighty-three per cent report their companies plan to spend more or about the same for capital projects in the next 12 months; 13 per cent say they plan to spend less.

Among those executives who can't foresee a slump either this year or in 1965 is R. I. Nowell, vice president and economist for the Equitable Life Assurance Society of the United States. Mr. Nowell pinpoints the recent tax cut and "the availability of plenty of money at reasonable rates" as reasons for his optimistic assessment. He calls further tax relief the thing most needed to sustain a continued healthy rate of growth.

Just slightly less than half of the executives pick 1965 as the year in which the next downturn in business could begin. Fourteen per cent have no solid opinion, and a scant two per cent say a recession could begin later this year.

Many businessmen who concede that a slump could occur next year

say it should not amount to more than a breath-catching adjustment.

Downturn not inevitable

Charles L. Huston, Jr., president of Lukens Steel Co., is one of the 49 per cent who think stormy seas could develop in 1965. Robert S. Macfarlane, president of the Northern Pacific Railway Co. is another. T. C. Fogarty, chairman of the board of Continental Can Co., says a recession could begin in '65, but adds: "This is not inevitable. Continued restraint on the part of consumers, government and business could bring continued expansion."

Approximately half of the executives taking part in the NATION'S BUSINESS survey are presidents, economists or planning specialists of their companies.

A man with the title of "Director of Forward Planning" for a major manufacturing corporation sees no prospect of a downturn in 1964, and is not convinced that one will materialize next year. Bolstering his optimism, he explains, are the broad base of the current economic expansion, capital goods spending plans of business generally and vigorous consumer spending.

The survey brings one message through loud and clear: Business confidence, knocked wobbly at some points in the recent past, is

How key men view next 12 months

84 PER CENT of the more than 200 businessmen surveyed expect their sales in next 12 months to improve over past 12. John O. Nicklis, president of Pitney-Bowes, Inc., is among those who expect gains



50 PER CENT look for improving profitability per dollar of sales between now and mid-'65. President Charles L. Huston, Jr., of Lukens Steel Company, is one executive who makes this kind of forecast



55 PER CENT expect their employment to hold at about present level over coming year. George E. Beggs, Jr., president, Leeds & Northrup Company, is among those who anticipate about same employment level



83 PER CENT report they'll spend more or about the same for capital projects. Robert B. Semple, who is president of Wyandotte Chemicals Corp., says his company will spend more than in the past 12 months



now riding a new crest of strength. Many executives cite President Johnson's overtures to business as a major prop to their own optimism. Other confidence-building factors: the impetus of the tax cut, improved relations with the Soviet Union, the spur of high-level spending by business and consumers, controlled inventory accumulation and the stimulating effect on business of a growing American population.

In the opinion of many, renewed confidence among businessmen is rubbing off on the general public, and with good effect.

"There is a lack of excesses of the type that cause recessions," maintains Edward R. Heydinger, manager of the economics and statistics division of Marathon Oil Co. Mr. Heydinger expects good times to continue in the next 12 months. He adds, "I feel that the shape of our economy is that of a stair type. Currently the economy is horizontal and will not experience a real pick-up until the latter part of the year. This pickup could well carry through 1965."

While some businessmen see cause for optimism in recent economic moves by the Administration,

others continue to rate federal spending as one of the biggest causes for concern over economic prospects. But more frequently noted now are such potentially negative influences as a new inflationary spiral fed by wage demands, the impact of racial disorders, damaging strikes in major industries, overextended credit, the balance of payments problem, overbuilding and the age of the upturn itself.

Few executives see much to worry about in the possibility of additional defense spending cutbacks.

Sales thrust will improve profit picture

HERE ARE the kinds of dotted lines that businessmen are drawing on their projected charts for the next 12 months:

- ▶ Sales—headed up, sharply.
- ▶ Profits—up, but not so steeply as sales.
- ▶ Labor costs—also rising.
- ▶ Prices—a few more will go up than down.

From the dollars-and-cents view, this compresses the expectations of top executives surveyed by NATION'S BUSINESS.

Most corporate leaders expect both their own businesses and the economy as a whole to score new gains in the period between now and mid-1965.

Close up, the balance sheet items shape up this way:

Sales prospects

Powerful optimism here. Few businessmen can foresee anything

but strong advances in their volume. The threat of further penetration of our markets by foreign firms haunts some managers, but even a steel company president who expresses this worry confidently predicts that sales of his company in the next 12 months will outrun a good performance in the past 12.

Over-all, 84 per cent of the business leaders surveyed forecast improving sales in the year ahead, 10 per cent expect their sales to hold even and only two per cent predict a downtrend. An additional four per cent are unsure which way their sales curve will bend.

Forecasts of sales gains come from executives in companies across the board: insurance, heavy manufacturing, office equipment, retailing, public utilities, trucking, publishing, chemicals, rail transportation and others.

Within at least one major indus-

try—steel—increasing or declining sales are projected by key executives of different companies.

In addition to steel, spokesmen for companies in automobile manufacturing, electronics, aircraft manufacturing and textiles antici-



Continental Can Co. Chairman Thomas C. Fogarty says tax cut has served as spur to business

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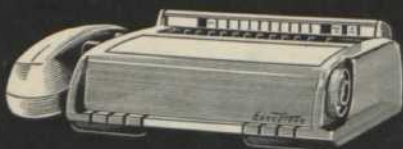
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pate possible sales setbacks in the coming year.

Profit outlook

Half the businessmen surveyed by NATION'S BUSINESS expect their profit per dollar of sales to improve over the next six to 12 months.

Only one in 14 anticipates a decline in earnings.

The remainder who commented—more than a third of the total polled—believe profits will continue about as they are now.

Again, forecasts of profit improvement come from companies in a broad spectrum of business and industry.

Declining profitability is foreseen by executives in air and rail transportation, insurance, department store retailing, automobile manufacturing and steel.

Labor costs

Two question marks hang over the business scene.

One question is what will emerge this summer from important management-union negotiations in the automobile industry.

The other is the more basic but murky question of whether general upward pressure on wages can be prevented from starting another cycle of wage-price inflation.

Joel Hunter, president of Crucible Steel Co. of America, lists upcoming auto-labor negotiations as a cause for pessimism, although he personally believes that general business conditions will improve in the next 12 months.

Another company president sees good times extending at least into late 1965, but finds cause for concern in "the emergence of pressures for uneconomic wage and fringe demands in important industries."

The NATION'S BUSINESS survey asked executives to estimate how much they expect their labor costs, including fringe benefits, to increase in cents per hour in the 12 months ahead. There is wide variation in the replies, with estimates ranging from no increase to as much as 15 cents an hour. The median is roughly eight cents.

A number of executives contend that current or impending labor negotiations make an answer impossible or inappropriate at this

time; others decline to comment. In a few instances it is pointed out that present contracts still have a year or more to run.

The price picture

More prices will go up in the next 12 months than will go down. This is the opinion of men who make daily buying and selling decisions.

Twenty-three per cent of the managers surveyed say they expect prices to rise.

Eight per cent expect to lower the price tag on their goods or services.

Of the remainder, most believe their prices will not change or that increases for some products in their line will be offset by lower prices for other products.

Businessmen explain that many price increases are overdue; they're needed to catch up, and in no way represent any forward movement into inflation.

Here is the view of one manufacturer:

"There seems to be a pretty good balance between the rate of industry's growth in ability to produce goods and the rate of growth in the demand for goods today."

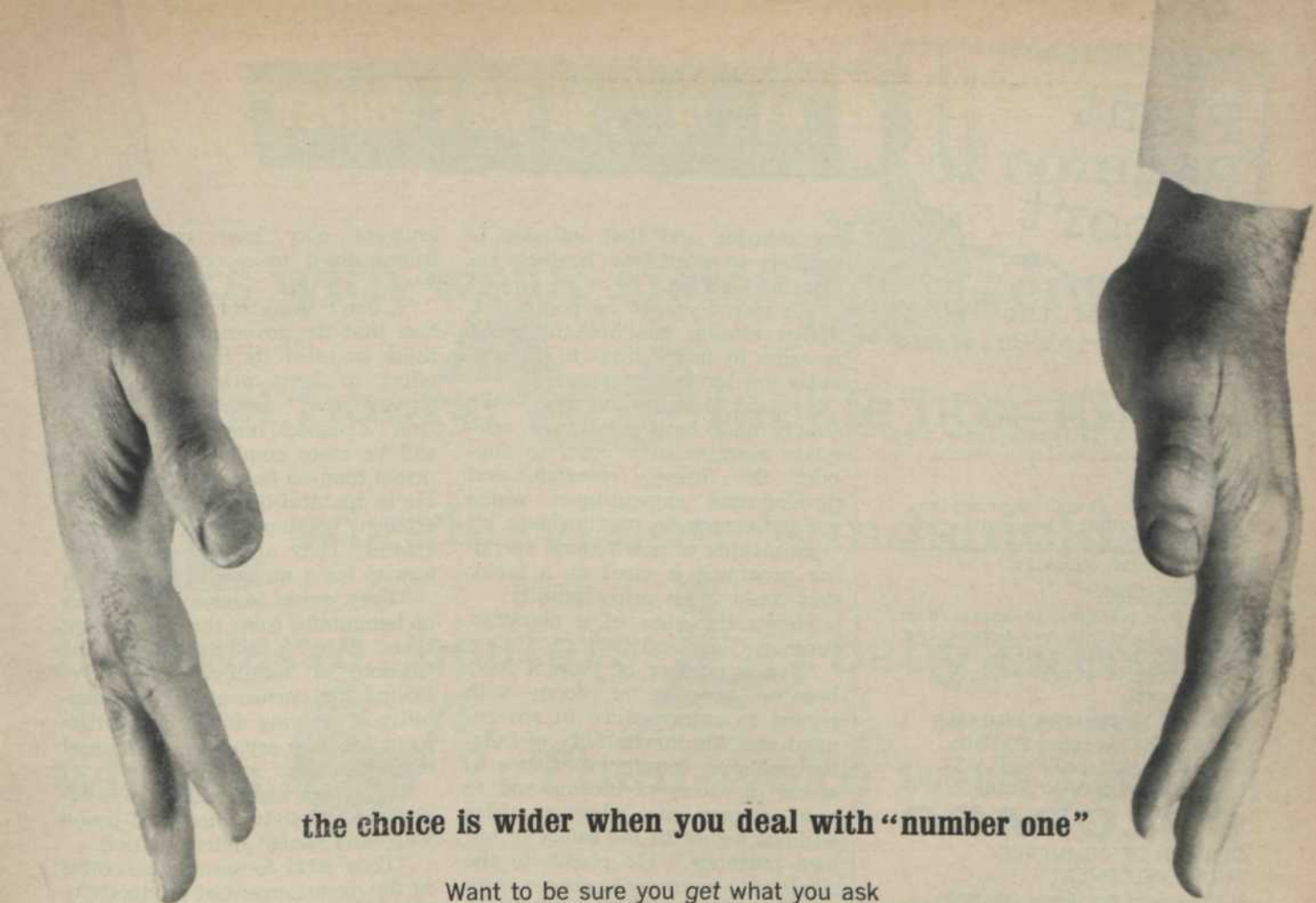
He expects some advances in wholesale prices may result from demand pull as well as cost pressures.

"The pull will come from expanding markets and rising economic levels. The push may be exerted from wage and benefit rate increases that exceed gains in productivity."

Consumer demand, strong now, will continue to grow. Businessmen already have boosted new investment outlays for plant and equipment and the rate of investment is expected to remain high over the year ahead. On the whole, the nation's economy is operating at a higher rate of capacity than at any time in recent years, though operations are still somewhat below full capacity.

These factors contribute to what economists call a firming up of prices. This means, as the survey indicates, that there's a chance more prices will rise than will fall.

Charles H. Sommer, president of Monsanto Co., St. Louis, supports the view that some price increases



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NATION'S BUSINESS SURVEY

are overdue and that inflation is unlikely to result from business action in this field.

"In recent years," he points out, "price erosion has brought profit margins in many lines to dangerously low levels."

For his industry, he says, "We simply must have prices with adequate margins over costs to support the heavy research and development expenditures which are indigenous to our business."

Launching of new federal spending programs is cited as a factor that could upset price stability.

Here's the view of a manufacturer in Cleveland:

"For a number of years I have been a prophet of doom with regard to extravagance in government and the inevitability of inflation when a country continues to spend in excess of income and to pour money into other countries without regard to the safety of our own currency." He points to the rivalry of government agencies competing for the taxpayer's dollar.

"It takes a long time to bring a rich nation to its knees—but this can be accomplished and it will happen unless we mend our ways. I, for one, do not see any real signs of willingness to face up to the danger and begin the disciplinary action that is needed."

Other businessmen express similar views—among them Lewis E. Lloyd, economist and head of business research for Dow Chemical Co. He warns: "As a nation we have lived beyond our income for years. One of these days we will run out of suckers."

A banker, Eugene C. Zorn, Jr., vice president and economist of the Republic National Bank of Dallas, summarizes the feelings of many business leaders in this survey comment:

"Resumption of the wage-price spiral could upset the present balance, but the importance of preserving stability appears to be more fully appreciated by government, business and labor. Therefore, our chances of maintaining a pattern of continued, orderly growth are much enhanced."

Why guideposts won't work

Strong views are expressed with regard to the ultimate impact gov-

ernment may have on holding wages down to a noninflationary level.

"I don't think there's any question that the government will continue to exert its influence in an effort to keep prices and wage costs in line," says another executive, "I suspect, however, that there will be more emphasis on holding prices than on holding wage costs." He is doubtful of the value of government guideposts for wage increases. They are impractical and unwise for a number of reasons:

"They would remove a wide area of bargaining from the negotiating table, thus interfering with the freedom of negotiations and relieving the parties of the responsibility of arriving at the best settlement for their separate and mutual interests.

"They are based upon the fallacious productivity theory of union wage and benefit determination.

"They tend to assume exactness in the measurement of productivity gains that is not statistically possible. They also depend upon a questionable index number, are measured from a questionable base year and contain questionable elements of judgment.

"While intended as a means of moderating demands and settlements, they may actually hinder settlements, lead to unnecessary strikes, or bring about settlements not in the long-range interests of the parties, because they impose a nonapplicable national judgment into local situations."

Proposals would boost costs

Most businessmen are distinctly alarmed at proposals to raise wages for overtime work. One states: "The theory that overtime hours worked in an industrial plant can automatically be converted into jobs for additional workers appeals to the uninformed—especially those who are also unemployed. This theory just doesn't add up when consideration is given to the practical aspects of the operation of an industrial plant."

Another says: "The establishment of double pay for overtime work would not provide a significant increase in the number of jobs—even in the short run. It would, however, result in a sub-

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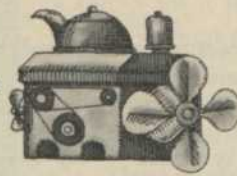
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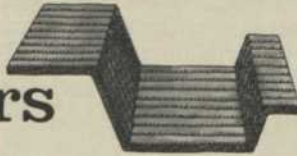
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stantial increase in manufacturing costs, necessitating a boost in prices and/or a reduction in employment."

He believes such a penalty would encourage some American manufacturers with world-wide facilities to produce more of their products

abroad where costs are more competitive. It also would encourage the substitution of machines for workers. "And it would further inject the government into the field of free collective bargaining and lead to serious problems in union-management relations."

Most overtime work is unavoidable "and involves added costs which every well managed company strives to keep at a minimum."

For the longer run, businessmen are by no means sure that inflation can be avoided.

What's needed for greater growth

FURTHER TAX RELIEF is the one thing most needed to sustain a continued rate of sound economic growth.

That's the opinion of a decisive majority of businessmen replying to a NATION'S BUSINESS survey.

Running a photo-finish second place are suggestions for more improvement in relations among government, business and labor unions and calls for reduced federal spending. Only two executives say they

oppose further tax relief, and comparatively few regard possible further cutbacks in defense or space spending as serious threats to the economy.

In a typical comment, John W. Barriger, president of the Pittsburgh & Lake Erie Railroad, urges government policies and actions that will generate business confidence and promote the private enterprise system. Judging from the tenor of numerous replies, many

Thomas B. Kimball, executive vice president, Sinclair Oil Corp., believes a more cooperative government attitude toward business would spur growth

business leaders believe that an atmosphere of better understanding between business and Washington is in the process of developing.

Other factors receiving a significant number of votes include recommendations for changes in America's foreign trade policy, for union restraint and restraints on unions, for monetary policies designed to thwart inflation and for a stepped-up rate of business innovation and new product development.

Here are some sample observations:

John O. Nicklis, president, Pitney-Bowes, Inc.—We need "public confidence in our leaders in government and business."

Robert B. Semple, president, Wyandotte Chemicals Corp.—"Restraint on wage increases, especially in automated industries where wages are high, so that benefits can be passed on as lower prices, and a growth of reason and trust between government and business."

Strong sentiment on taxes

Impressed by the effect which the recent reduction in taxes has had on the economy, many businessmen feel that additional cuts—especially in corporate taxes—would add new drive to business activity.

One manufacturing company president, for example, says, "Tax relief will help consumer spending. We need greater assistance through elimination of tax barriers and elimination of government control of company activities in foreign countries to increase exports."

Another president comments, "Primarily it is a matter of the proper business climate and the positive attitude of the consumer. News, whether it is business, political or international, could have the greatest psychological effect



and could do the most to dampen what presently looks like a very excellent outlook."

The vice president-general manager of an electronics firm sees further sound growth dependent upon "changes in trade policy to the extent that as tariffs are lowered foreign costs will go up at a greater rate than in the United States."

A prominent transportation industry executive who asked to remain unnamed asserts, "In the transportation field we need changes in what the late President Kennedy described as a 'chaotic patchwork of inconsistent and often obsolete legislation and regulations.'"

In the tax field, some state that new tax relief would have an invigorating effect on investment by companies and individuals. At the same time, other executives couple their pleas for additional tax cut with requests for slashes in various spending programs of the federal government.

Settlement of the current civil rights controversy is among the prescriptions which some corporate officials believe to be indispensable for continued sound growth.

A Seattle banker pleads for "accelerated innovation in products, production methods, distribution, and all other lines of economic endeavor."

If defense spending drops

Most executives take a calm view of the impact which any future cuts in federal spending for defense or space programs might have on business.

Few think such cuts—if they come—will be sudden or severe. Few believe dislocations caused by such cutbacks would be more than temporary and localized in their effect. Many see in the possibility of defense/space reductions an opportunity for further lowering of taxes and a boost to more normal business expansion.

John F. Rice, corporate research manager for Montgomery Ward, argues that "The business community has had ample warning of the proposed change, and has already begun to adjust. . . ." His view is echoed by other managers, including A. H. Aymond, board chairman of Consumers Power Co., Jackson, Mich., who sees "the insatiable demand of the people" making up for any defense or space cutbacks "in other areas." The controller of one of the nation's largest companies conjectures that



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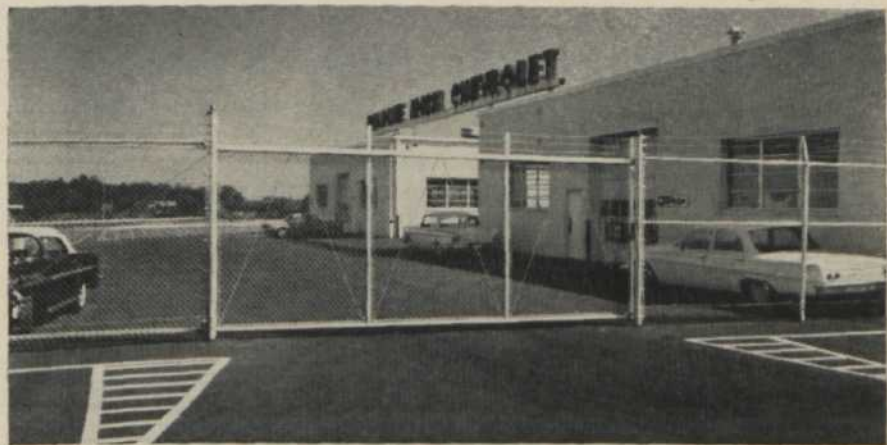
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"the transition will be smooth . . . if further tax reduction is phased to occur concurrently, as I expect."

Among businessmen who take a more somber view of possible deep slashes is Charles L. Huston, Jr., president of Lukens Steel. He cautions that, "A significant decrease, if made too rapidly, would have a serious, depressing effect on business. Industry and government would be required to find the

means to employ the labor, the plant and the physical resources that are now utilized by the military establishment."

Says Eldred H. Scott, vice president and controller of the Detroit Edison Co.: "If not accompanied by increased spending in some other sector of the economy, the effect will be deflationary."

Much rides on the amount and timing, according to many officials.

There is fairly general agreement that cuts in spending should be made gradually and not on a crash basis, so that industry will have an opportunity to adjust to them.

More than a few executives affirm that there are ample unmet private and public needs to take up any slack left by curtailment of programs in the defense or space fields.

Here's know-how you'll need

THE FACT that business prospects look good doesn't mean that your company, or any business, can assume that new successes are virtually in hand.

It will take alert and competent management to transform the potential for progress into a measurable reality over the next 12 months.

Other factors, of course, will play their part. As many top executives emphasize in replies to a NATION'S BUSINESS poll, optimism about the coming year could wither quickly if the nation found itself hit by major strikes or suddenly face-to-face with a grave international crisis.

But assuming that such disruptions do not occur, smart management—rooted in experience—will be the main make-or-break factor. Aware of this, NATION'S BUSINESS asked leading businessmen to describe the single most important thing they have learned in their years of commercial or industrial experience. Object: to gather a pool of ideas from which other businesses can draw.

Opinions on what constitutes the most important lesson you can learn

in business run a wide gamut, from Arizona banker Carl A. Bimson's terse one-word choice, "Tolerance," to statements on the importance of an unobstructed free market economy.

Of all the varied lessons, two are most often mentioned: the importance of the human side of business, and the necessity to recognize change and to adapt to it.

George E. Beggs Jr., president of Leeds & Northrup Co., manufacturers of automatic controls, speaks for many businessmen when he comments that the most important thing experience has taught him is that "People—and their attitudes—inside and outside the company are more important than any phase of technology."

This theme is expressed by other executives in slightly different ways: the necessity for hiring good people; for recognizing and rewarding the effective employee; for getting people to follow your leadership—and so on.

Here are just a few comments: Richard N. Allen, secretary and controller, Central Soya Company,

Inc., Fort Wayne, Ind.—"I have learned that getting the right man for the job is the single most important factor for the success of any venture."

Norman Chandler, president of the Times-Mirror Co., Los Angeles—"Continuously bring along highly skilled, well educated young men who can do a better job than you can."

Thomas B. Kimball, executive vice president, Sinclair Oil Corp.—"The most important single thing to deal with is the human element. Whether it's sales, manufacturing, public relations or what have you, one must learn to understand people to be a really successful business executive."

Some managers hammer at the vital importance of realizing that change is constant and that the successful executive is the man who matches know-how to this endlessly challenging phenomenon.

"Be sure of the values involved and the necessity for a change, then proceed forthrightly with all concerned," advises Bror R. Carlson, treasurer of International Minerals & Chemical Corp.

A Pennsylvania-based manufacturer says many years in business have convinced him "That the success of any business organization depends on its ability to anticipate the needs and desires of customers and on its capacity to move promptly in satisfying them." The company he heads has repeatedly demonstrated its support of this philosophy by pioneering new markets, diversifying its product line and innovating with materials that go into the things it sells.

Several points become clear: To

deal successfully with both the opportunities and problems of the future, you will need capable managers leading capable subordinates; people equipped for creative and responsible action, and your organization will have to stay alive to changes affecting both its immediate market and the broader environment in which it operates.

Pleas for business freedom

To many business leaders, the years have simply affirmed a lesson most probably knew when they started out: A free enterprise economy works best when it is least fettered by government.

The president of a large petroleum company puts it this way: "The freer individuals are to make their own judgments, the sounder is our economy and the stronger our national defense posture."

William A. Lyons, executive vice president of New York State Electric and Gas Corp., asserts that, "Business must at all times exert sound leadership in the public interest to preserve a free economy and to avoid the transfer of full control over economic affairs from the business community to the government community." Mr. Lyons, incidentally, is one of many executives who believe improved relations between business and government would do much to promote a healthy rate of economic growth.

To Philip Davis, vice president of North American Reinsurance Corp., "The lesson is one of realizing that the greatest civic, private, public and over-all good that a private corporation can do is to make a profit for its stockholders."

The list of lessons learned is long and in some instances highly subjective.

"Don't underrate the competition," advises one prominent business leader.

"Think positively," says another.

"Don't get carried away into making long-range decisions based on the climate of the moment," counsels a manufacturing vice president.

Honest, ethical dealings are stressed by a number of businessmen, including Walter Johnson, chairman of Friden, Inc. Others underscore the importance of a broad-based education and an attitude of open-mindedness. One utility company president accents the value of "a speculative habit of thought."

A manufacturing company vice president argues that, "Nothing can replace the production of a superior product, fairly priced." **END**

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HELP FOR THE AGING

continued from page 37

right solution. It would be a severe and unfair hardship on many younger people whose taxed earnings would have to pay for such lavish pensions.

Furthermore, this purported solution would clash with our traditional American attitudes toward the elderly, that they be treated with dignity and are entitled to their self-respect.

The older people of this country grew up in an atmosphere of independence and self-reliance. By and large they are not looking for hand-outs. As a U. S. Senator representing Florida with nearly 700,000 persons over 65, I am confident that older persons prefer solutions which will enable them to continue to earn their own way insofar as possible and make what contribution they can to society rather than be a burden on society.

Certainly not all the elderly are able to work. There are people who must be dependent on society. We have always taken care of this small minority of unfortunates.

What troubles me is that so much of what the public sees and hears today is in terms of medical care problems and relief doles. Not enough people realize how much is being done for our important older population, and how much still can be done without massive transfusions of tax funds.

The Senate Special Committee on Aging is seeking to find and recommend the measures which offer the most potential for leading to richer, more worthwhile, more carefree later years for all Americans without substantial cost to the taxpayer and consistent with our concepts of individual self-respect.

Passage of sound, effective senior citizens laws is of importance not only to today's senior citizens, but also to citizens 20, 40, 60 and 100 years from now. As we find ways to enrich life and make it much more meaningful for today's senior citizens, we are establishing patterns which will affect the lives of American senior citizens of the future.

Persons 65 and older constitute the second fastest growing age group in our population, with a growth rate exceeded only by that of children aged five to 14.

Today the senior citizens number approximately 18 million. Each day their numbers increase by 1,000. By 1970 they will total 20 million.

We have not neglected our older

populations over the years. Just since I entered the Senate 13 years ago, there has been a steady succession of laws dealing with older Americans. Here are some examples:

Social security benefits have been increased four times.

The limitation on earnings of social security recipients has been liberalized.

The retirement income credit for income tax purposes was enacted.

Most recently, in our new income tax reduction law, elderly persons are relieved from paying income taxes on certain gains they may receive from selling their homes.

Also in the new tax statute is a minimum standard deduction provision which favors those over 65.

And in the area of health, there has been no lack of action. The Kerr-Mills program of medical aid for the aged provides a wide variety of help for those older persons who actually need help the most. It is administered by the individual states according to the distinctive needs of various sections of our country.

Medical and drug expenses of those 65 and over are now deductible in full for tax purposes without the limitations applicable to medical expenses of younger taxpayers.

The overwhelming interest in the health needs of our senior citizens has been centered in recent years on the King-Anderson bill, a plan to provide hospital and nursing home care financed through higher social security taxes. It has been popularly termed medicare.

I think legislation calculated to provide effective and adequate health care for senior citizens will probably be enacted before this Congress concludes its work. But the answer to the health needs is not the King-Anderson medicare plan. This program does not provide the range, the quality nor the extent of medical care the elderly may need.

Many of the people who have taken such interest in this proposed legislation do not realize that it provides no help with their doctors' bills or the cost of drugs, which can be so expensive today.

According to the National Health Survey of the U. S. Public Health Service, the average cost of each of these types of medical expenditures for senior citizens is greater than the average cost of their hospital care. Administration spokesmen at a House Ways and Means Committee hearing esti-

mated that only about 25 per cent to 30 per cent of the total medical expenses of senior citizens would be covered by the King-Anderson proposal if it should be enacted. Even its coverage of hospital expenses would be subject to important qualifications and limitations.

Benefits would go to several million people who made no contribution to the social security medical program, many of whom could well afford to pay their own hospital expenses.

Experience reveals defects and deficiencies in any program. Four years of experience with the Kerr-Mills Act, now in operation in a majority of the states, has demonstrated the need for improvements in it. In my judgment, it would be much wiser to make these improvements than to adopt King-Anderson, which is untested and untried and full of shortcomings and deficiencies.

There are other ways of helping with the medical expenses of older Americans, too. The American insurance industry in recent years has developed many attractive health plans for this age group. Federal and state governments should cooperate in every way possible with this segment of private enterprise in its efforts to provide health insurance coverage to seniors at the lowest possible cost. There might even be government assistance in financing these plans for the elderly.

Although some federal income tax provisions have already been enacted to assist with this health cost problem, additional tax changes are needed. For example, there should be greater recognition of the financial burden borne by taxpayers who contribute to the medical expenses of their older relatives.

At present, such expenses can only be deducted if the taxpayer can claim a \$600 exemption for a dependent for whom he paid medical expenses. This should be changed. The taxpayer should be allowed to deduct his contribution to his older relative's expenses even if the older person is not classed as a dependent.

This would be fairer in recognizing the decreased ability to pay taxes resulting from the bearing of these expenses. It would also encourage taxpayers to take care of the medical expenses of older members of their families, and thus help to strengthen American families.

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HELP FOR THE AGING

continued

America's seniors is the preventive approach. Employment, even part time, can contribute to emotional and physical health.

An authority in the field of geriatrics, Dr. Edward F. Bortz, has noted the important relationship between employment and health:

"Older citizens who are actively employed will be more healthy and better adjusted and consequently a less likely drain on the public treasury. Instead of being consumers, they will be producers and taxpayers. They will take pride in being self-supporting and in being able to provide for their own needs. . . . It can be predicted that healthy and alert senior citizens, well utilized by the community, will make far fewer demands for medical services."

Adequate recreation can also be of great value from a preventive standpoint. A bill I have introduced would provide both greater employment and recreation opportunities for the senior citizens, and would, thus, indirectly benefit their health.

This legislation is entitled "The Senior Citizens Community Planning and Services Act of 1963." It would establish a new five-year program of grants for experimental and demonstration projects to stimulate needed employment opportunities for our senior citizens.

Under this proposal, a relatively small federal appropriation would be provided for matching funds of state and local governments or nonprofit private organizations, to be used for experimental and demonstration projects on the use of elderly persons in providing needed services. To win approval, the project sponsors would have to show that no one already employed would be displaced.

The project would experiment in the use of older workers in such needed community services as school lunch hour relief, child care in centers for working mothers, home care for invalids and assistance in programs to prevent juvenile delinquency.

President Kennedy wanted this and other proposals for helping senior citizens to help themselves. He emphasized the importance to our society of making full use of the talents, skills and experience of these Americans. In his words,

"Denial of employment oppor-

tunities to older persons is a personal tragedy. It is also a national extravagance, wasteful of human resources."

I concur. This Senior Citizens Act which I have mentioned would also include a five-year program of assistance to state and local agencies and voluntary organizations for planning and developing services ranging from furnishing hot meals in the home to family counseling. It would also provide for research, demonstration and training projects leading to new and improved programs to assist senior citizens as well as for construction, renovation and equipment of public and nonprofit multipurpose activity and recreational centers. This bill would accomplish much for older Americans at relatively modest cost.

Many bills have been introduced in both houses of Congress to increase or eliminate the limit on earnings of social security recipients. This reflects an underlying

Easing unemployment is a key goal of business and government. Practical approaches are suggested in article on page 31.

American sentiment in favor of permitting these people to be more self-sufficient. My own bill on this subject would raise from \$100 to \$200 the amount of monthly earnings which could be received without any loss of social security benefits.

I will continue to strive for the enactment of this measure, in order that the skills and experience of our senior citizens may continue to redound to the benefit of the nation.

I am also sponsoring a bill to prohibit discrimination in employment because of age.

Another bill would assist senior citizens with their housing problems. It would help those displaced by urban renewal and public improvements or caught short by rehabilitation or rezoning requirements. It would also make widows, widowers and other single persons eligible for elderly housing programs which are now limited to married couples.

There are other areas in which bills have not yet been introduced but in which it now seems there will be new proposals in coming months, after there has been an op-

portunity to complete investigations and reach conclusions as to what type of legislation is needed.

The Subcommittee on Employment and Retirement Incomes of the Elderly of the Senate Special Committee on Aging, under the chairmanship of Sen. Jennings Randolph, recently held a series of hearings on increasing employment opportunities for the elderly. As a result, there may be an effort in the Senate to provide additional older worker specialists for local employment offices; to establish a part-time employment service as a special activity in the United States Employment Service to find part-time jobs for senior citizens who, although unable to hold down strenuous full-time jobs, want and need to work at least part-time; to create for older workers jobs which do not now exist to meet needs which are not now being met.

Our Subcommittee on Frauds and Misrepresentations Affecting the Elderly, under its chairman, Sen. Harrison A. Williams, Jr., has conducted a number of hearings on health frauds and mail order sales of retirement homesites which are expected to result in recommendations for strengthening federal and state laws to protect elderly persons against fraudulent practices.

Hearings have also been held on nursing homes and other long-term care institutions by one of our subcommittees chaired by Sen. Frank E. Moss. It is hoped that this subcommittee will find ways to improve such institutions in which so many of America's senior citizens live.

Sen. Edward M. Kennedy's Subcommittee on Services has held four hearings this year on improving federal, state and community services for the elderly. It appears that with the proper measures needed services can be provided older Americans at relatively small cost to the taxpayer.

The Health Subcommittee, chaired by Sen. Pat McNamara, recently held a series of hearings on private health insurance for the elderly, and constructive recommendations are expected to result from this study.

These and other activities in Congress reflect a balanced and proper concern and interest in dealing more adequately and justly with older Americans. If this interest is sustained, we can look forward to continued progress in legislation for the benefit of these people who have done so much for our nation.

END

UNION LEADERS

continued from page 38

Mr. Reuther doesn't stand a chance at the federation presidency. He is opposed by many on the Council because of his clashes with Mr. Meany, his views, his intellectualism and a feeling that he talks down to them.

"He is the only member of the Council who stands up when he talks to us," one complains.

The auto workers' president is considered a divisive force who has even lost the support of some of his former associates. He holds caucuses of former CIO leaders to plan strategy on matters coming up before the Council. Some, including David J. McDonald, president of the United Steelworkers, and Joseph A. Beirne, who heads the communications Workers, have broken away from Mr. Reuther on issues before the Council.

Mr. Beirne, who is mentioned prominently as an aspirant for the AFL-CIO presidency, has stopped attending Mr. Reuther's caucuses and has worked closely with Mr. Meany in resolving merger problems. Persons in a position to know say Mr. Reuther considers him a traitor to his former CIO associates.

Some close to Mr. Meany say that the popular conception of him as old fashioned and Walter Reuther as a modern liberal is wrong.

"Meany, not Reuther, is the modern union leader," one of them told NATION'S BUSINESS. "He is flexible enough to move with the times."

"It is Reuther who is old fashioned, inflexible, unable to adjust. He's still trying to live in the age of the sit-down strikes and union flying squadrons—the strategies of the 1930's that just don't fit the 1960's. He's still a doctrinaire radical of depression days."

Cited in support of this view is Mr. Reuther's opposition to employer participation in and financial support of the American Institute for Free Labor Development, which was organized several years ago to educate and train union leaders in Latin America.

"Meany recognized the importance of selling business leaders on the idea that it was in their best interests to have union leaders in Latin America who would fight for a fair share for workers in the American spirit rather than have them exploited and create more Cubas," NATION'S BUSINESS was told.

"Reuther opposed business sup-

port because he said it would make the unionists lackeys of Wall Street. Meany got his way. Reuther is on the board of AIFLD but doesn't attend meetings."

J. Peter Grace, president of W. R. Grace & Co., is chairman of the board and Mr. Meany president of the Institute.

Mr. Meany's blunt opposition to the Administration's guideposts for wage and price restraints as interference with a free economy and free collective bargaining is cited as another example of his modernism.

"Reuther goes along with the principle of guidelines," a source close to Mr. Meany says. "But contends that they do not apply to the automobile industry, and therefore his members are entitled to wage increases of 4.8 per cent instead of being limited to 3.2 per cent applicable to others. Meany says the guidelines just don't make sense."

Another example is Mr. Meany's opposition to last year's Freedom March in Washington because he felt it could not help civil rights legislation and might hurt its chances. Mr. Reuther and others supported it.

Mr. Reuther is reported to be trying to improve his public image. He has a new, aggressive public relations man, Joseph Walsh, formerly with the Rubber Workers. Apparently to help dispel the image of austerity, Mr. Reuther last spring attended his first Gridiron Club dinner in Washington, where he mingled with the big names of the press, government and business, and for the first time wore formal dinner dress consisting of white tie and tails.

Prevailing opinion in the AFL-CIO hierarchy is that Mr. Meany will dictate the choice of his successor if and when he retires and that it will have to be one who can get along with all factions and keep the federation from breaking up.

He has indicated that when he finds the right man he would like to have him designated as an assistant president for grooming and to assume some of the burdens of the presidency.

Good reasons are given why the new president should come from a state or local central body and equally strong reasons why he should, and likely will, come from leadership of an international union.

Some unionists feel that the head of a state or city central body is better equipped to deal with the



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UNION LEADERS

continued

many conflicts and cross currents that are rampant in the federation.

Prominently mentioned in this group are H. S. Brown, president of the Texas AFL-CIO, whose talk on civil rights at the last national convention has been described as the most impressive and persuasive speech delivered from the convention floor. Mr. Meany recently tapped the Texan for appointment by President Johnson as a labor representative on the National Labor-Management Panel which advises the Federal Mediation and Conciliation Service. This will get Mr. Brown to Washington and in the national picture.

Also mentioned is Under Secretary of Labor John F. Henning, former research director of the California AFL-CIO. He is given less chance, however, because his experience in the labor movement is as a staff man rather than elected official.

One member of the Executive Council told *NATION'S BUSINESS*: "A union leader doesn't really know much about organized labor until he becomes president of a city central labor council."

The increased power vested in the head of the giant labor federation in recent years is cited as the main reason why Mr. Meany's successor will be one of the Executive Council members, all of whom represent international unions, not federations. One source says:

"The federation president's power is such that the Executive Council members are not likely to place it in the hands of someone who is not one of them whom they can trust."

According to a close associate, Mr. Meany is seriously looking for just the right man to succeed him, is unable to find one, and is determined not to retire until he is satisfied that the leadership will fall into hands capable of holding the federation together.

"I've spent two years going up and down the list of Council Members and other leaders and can't find anyone capable and prepared to take over," this source told *NATION'S BUSINESS*. "Unless Meany does, and starts grooming him soon, it will be too late. The federation will fall apart within two years after Meany's gone."

Others close to Mr. Meany believe he has welded the hyphen in AFL-CIO during his tenure as president.

"It can't break up," one says. "There may be some defections, but no breakup. There's no strong leader like John L. Lewis to lead a new faction."

The former United Mine Workers president led the group of industrial unions which broke from the AFL in 1935 to form the CIO.

Discussions with union leaders produce these appraisals of members of the Executive Council:

At the moment, Mr. Beirne, 53, seems to be the most likely compromise choice to succeed Mr. Meany. Besides running a growing union of 380,000 members, he is chairman of the AFL-CIO Community Services Committee and is secretary-treasurer of Mr. Meany's pet, the American Institute for Free Labor Development, which grew out of a similar project of Mr. Beirne's Communications Workers. Against Mr. Beirne are jurisdictional differences his union is having with the International Brotherhood of Electrical Workers with respect to telephone installations in new buildings.

Paul Hall, 49, president of the Seafarers, is in Mr. Meany's favor currently and is carrying the ball for him in some of his skirmishes with the Reuther faction. But he's new on the Council, is rough and brusque, would need polishing.

Lee W. Minton, 52, president of the Glass Bottle Blowers, was considered a comer when he was elected to the Council a few years ago but seems to have lost favor. While most of the Council members are Democrats or otherwise partial to the Democratic Administration and President Johnson, Mr. Minton is a Republican and chairman of the National Labor for Rockefeller Committee.

James A. Sufferidge, 55, president of the Retail Clerks, has received some choice assignments from Mr. Meany, including a trip around the world with the then Vice President Johnson. He is reportedly averse to the limelight and more interested in retirement than expanding his labor activity.

Except for their ages, either Joseph D. Keenan, 67, secretary-treasurer of the IBEW, or George M. Harrison, 68, of the Railway Clerks, would be natural choices for the AFL-CIO presidency. It seems agreed that the Executive Council, which elects a new president if an opening occurs, would if the situation arose choose one of the two as caretaker president until another could be elected in normal manner by the biennial convention.

Mr. Harrison's poor health makes Mr. Keenan a more likely choice.

Secretary-Treasurer William F. Schnitzler, 60, should be in a good position to move up as George Meany did in the AFL. Mr. Meany selected him with that in mind, but according to most reports he has not measured up to expectations.

The Auto Workers

The UAW dedicated itself to young leadership in imposing a 65-year age limit for both elected and appointed officials and staff men at its March convention.

"Our purpose," said Secretary-Treasurer Emil Mazey, "is to assure young and vigorous leadership in our union. There are many unions in America that have officers who are 70 and 80 years of age."

"Some board members of some unions, when they have a board meeting, look like a collection from a wax museum."

Mr. Reuther's successor as UAW president will likely be either Mr. Woodcock, Mr. Mazey, 51, or Pat Greathouse, 48, of Chicago, vice president in charge of the union's Agricultural Implements Department.

Mr. Woodcock, an intellectual like Mr. Reuther, seems to have the inside track. He has political appeal, a disarming, low-pressure manner which contrasts with his boss's high pressure, biting mannerisms, and seems to get along with his main client, General Motors. He also heads up the union's Aerospace Department.

Although born in Providence, R. I., he grew up in England, returning to the United States at age 15.

Some who deal with him say he is pleasant and gives the impression of being objective, but that once in a while "his British Socialist philosophy shows up." He was national secretary of the Socialist Party in depression years.

Mr. Woodcock, 53, worked in the shops after attending Wayne State University and came up through the ranks in the UAW. He has appeared many times before government committees and last April testified for the union in support of the double time for overtime bill before a House Labor Subcommittee.

He has served on the boards of many civic and welfare agencies and is on the interim board of directors of the Communications Satellite Corp. by appointment of the late President Kennedy. Mr. Woodcock has been chairman of the Wayne State University Board

of Governors and last year was re-elected by Michigan voters to the board for a six-year term.

As UAW president, Mr. Woodcock would pretty much continue Reuther policies, but probably make more friends.

Teamster shift

Close observers expect a change in Teamster leadership, when it comes, to include a shift away from a strong leader with centralized power.

Over the past 10 years Dave Beck and Jimmy Hoffa have transformed the Teamsters from an organization of strong local and regional leaders—feudal barons who ruled their territory with strong hands—to one of strong central powers and national bargaining that went with it.

"The centralization of power will be slowed down if not stopped completely," a source close to the Teamster situation told NATION'S BUSINESS. "Teamster leaders are yearning for the autonomy and local bargaining power that Beck and Hoffa took away from them. They are likely to select as Hoffa's successor someone they can all get along with and who will leave them alone."

The man most frequently mentioned to head the Teamsters is Vice President Harold J. Gibbons of St. Louis, who has been Mr. Hoffa's aide, but knowledgeable sources say he will not get the post. He's not a genuine Teamster, and is an intellectual besides.

Mr. Gibbons, 54, entered the labor movement as a teacher, has conducted seminars and lectured at Harvard and the Brookings Institution, was a CIO organizer, and became associated with the Teamsters when he brought a local of warehouse workers into the Teamsters in 1948.

Mr. Gibbons, who got his start teaching in a WPA adult education project, is viewed by insiders as a socialist who wants to spread the wealth, whereas the average Teamster is considered more of a royalist who wants to get what he can for himself.

More likely prospects for the Teamsters presidency seem to be two other vice presidents. One is Thomas E. Flynn, 58, of Washington, D. C., chairman of the Eastern Conference of Teamsters and former assistant to Dan Tobin, who headed the union for many years until Mr. Beck took over some 10 years ago.

The other is Einar O. Mohn, 57,

of San Francisco, chairman of the union's Western Conference, who is a protege and former assistant to Mr. Beck. His father was a Lutheran minister.

Mr. Flynn, a Teamster since he drove a team of horses on a milk route at 18, is more of a Teamster type. He is rated ahead of Mr. Mohn, who has a college education in chemistry.

Another possibility is Vice President John J. O'Rourke of New York, who was put into power by Mr. Hoffa but has since turned against him. This and his age, 64, handicap his chances as does the age of the union's First Vice President, John T. (Sandy) O'Brien, 68, of Chicago.

A shift back toward more local authority would create new difficulties for trucking management, whoever succeeds Mr. Hoffa, as local leaders try to assert more independence.

With Mr. Hoffa out, there's a good chance that the Teamsters will be readmitted to the AFL-CIO, from which they were expelled on grounds of corrupt leadership.

Other unions

One fourth of the members of the 29-man AFL-CIO Executive Coun-

cil are older than their leader, Mr. Meany, and approaching retirement.

At the international union level, Al Hayes must retire next year at 65 after 16 years as head of the International Association of Machinists. Six other international union presidents are older than Mr. Hayes—Maurice A. Hutcheson of the Carpenters, George Harrison of the Railway Clerks, Jacob S. Potofsky of the Amalgamated Clothing Workers, Peter T. Schoemann of the Plumbers, David Dubinsky of the Ladies' Garment Workers and A. Philip Randolph of the Sleeping Car Porters.

In addition to Mr. Hayes, Elmer E. Walker, secretary-treasurer of the 850,000-member Machinists Union, must retire next year at 65. This union and the UAW are the only major unions with compulsory retirement.

Being groomed to move up are Vice Presidents P. L. (Roy) Siemiller, 59, of Chicago, and Matthew DeMore, 60, of New York, formerly of Cleveland, who have just been assigned to Washington.

Both are expected to continue the liberal administration of Mr. Hayes, a LaFollette man from Wisconsin, union head since 1949. **END**



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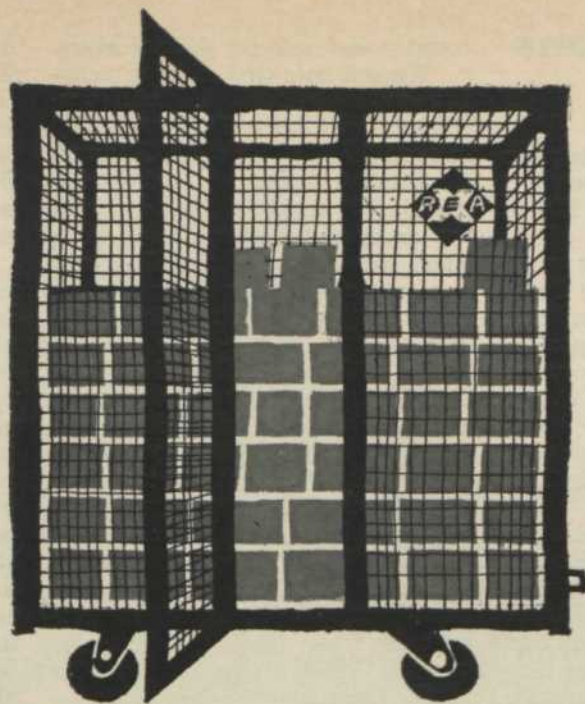
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PROFIT MAKES JOBS

continued from page 41

100 acres of woods and fields near Lordstown for a Chevrolet assembly plant and accompanying Fisher Body Division assembly plant. General Motors isn't saying what the direct cost will be, but local people talk of over \$100 million. It is considered the largest project in the G.M. expansion program. Designers plan its output at 50 cars an hour. It will employ 4,800 persons when in full production. Pilot output should begin in December 1965.

First impact of the new plant is already being felt in the area on its housing market. W. E. Shuman, chief of the Chevrolet staff that will build the Lordstown plant, is having a new house built for him at Canfield, a Youngstown suburb. "Our housing market has been pretty soft," comments J. Paul Mossman, executive director of the Youngstown Area Chamber of Commerce, "but it has firmed up since the plant was announced."

As an example of how plant expansion ripples through the economy, Ewalt Radtka is buying pipe, electrical equipment, cement and other materials to add 30 trailer sites to his Imperial Trailer Park directly across the Ohio Turnpike from the plant site. "We're spending \$35,000 to \$40,000," Mr. Radtka told NATION'S BUSINESS. Three men have been put to work on the job in addition to the park's regular four-man staff. "We want to be ready to accommodate the construction men when they come in to the plant," Mr. Radtka says.

The plant construction will mean more orders for firms across the

country and jobs for their workers.

"We estimate that at peak activity, probably next March, contractors will have 1,000 to 1,200 men on the site," says Mr. Shuman. Contractors operating nationwide usually bid on jobs of this size and the successful bidders bring in a small core of key people. They and subcontractors probably will hire most of their workers from the area.

The 12,000 tons of steel used in the plant will give some steel mill a healthy order, as will the approximately two tons of steel needed to make each of today's average cars when production gets going.

Money from G.M.'s profits will go to buy 12.5 miles of conveyors that will be laid out in the precise meanderings that form today's auto assembly lines. The automaker will also buy latest design spray booths which filter the air to assure a quality paint job and eliminate the need for masks on men manning paint guns.

Nut-runners—the power tools that tighten nuts on bolts—fork lift trucks, computers for the vital task of synchronizing assembly lines with orders and inventories, X-ray equipment for the plant hospital, paper clips and many another item will mean new orders for outside suppliers, says E. J. Furbacher of Chevrolet's purchasing department.

Impact beyond Lordstown

Spending on a new plant has its effect far beyond G.M.'s own spending at Lordstown, of course. The Pennsylvania Railroad will build a freight yard on the plant site to handle 400 to 500 cars by the time steel erection starts this fall. East Ohio Gas Co. will have to build some three miles of line to serve the plant and Ohio Edison Co. will bring in new power lines for an electrical substation at the plant—all job and business-creating steps.

"As important to us as anything are the roads," says Mr. Shuman. Ohio highway engineers estimate spending may top \$3 million by state, county and local governments for widening existing roads in the plant area. The roads will not only have to carry the cars of some 2,150 workers per shift but trucks as well. The plant will mean new business for truckers who will carry away the planned daily output of 800 cars.

A look at the modern automaking complex shows how transportation carriers will get new business from the new assembly line. To Lordstown, G.M. will ship carburetors

from Bay City, Mich.; engines from Tonawanda, N.Y.; gasoline tanks from Flint, Mich.; transmissions from Muncie, Ind.; axles from Buffalo, and other parts from at least five other cities. All told, arriving material will fill some 70 boxcars and 50 trucks a day.

Industrial expansion, of course, results in the building of other businesses, too. The Lordstown plant is no exception. A firm making upholstering materials has already started surveys for a possible plant in the Youngstown area. General Motors buys foam rubber and plastic foam pieces for seats. Among other firms, a company making cardboard packing products has been studying the area's prospects. A shopping center and housing development near the plant are also in the talking stage, according to Mr. Mossman of Youngstown. Citizens of nearby Newton Falls are considering needs for another bank.

Altogether, G.M. economists predict the company will pump some \$55 million a year into the area around its Lordstown plant for wages and supplies after production begins. That means an increase of more than \$100 million a year in spending on goods and services by the time the outlays have filtered through the economy.

And this additional business activity means stepped-up demand for new public services beyond the obvious roads and utility expansions. Water system authorities of Warren and Youngstown both began taking close looks at needs for boosting the capacity of their systems to serve industrial and residential needs as soon as General Motors announced the plant plans.

New or moving families in an area mean new school needs. At the site of another major Chevrolet expansion—Saginaw, Mich., where a 2,000-man foundry is to be built—School Superintendent Charles C. Coulter points out the impact. He figures the additional children would be the equivalent of two large elementary schools.

\$43 billion new spending

These effects of General Motors' expansion program are far from unique, to be sure. Many another company, seeing the opportunities for larger earnings in the present boom, is also building new plants in other Lordstowns or simply creating jobs by making a small plant addition. United States Steel Corp., for example, is beginning construction at Gary, Ind., of an advanced continuous casting plant and a hot

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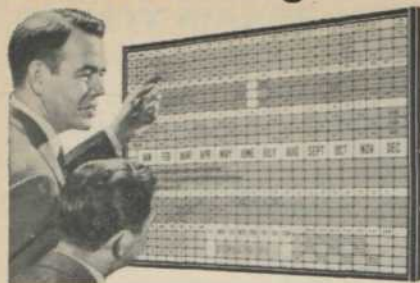
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PROFIT MAKES JOBS

continued

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The biggest expansion and modernization program of 1964—and the largest ever initiated by any company—will be the American Telephone and Telegraph Co.'s gigantic \$3.35 billion spending blueprint. The big rise in investment is partly due to the Bell system's upward earnings trend plus this year's tax cut.

Counting everything, companies throughout the country plan to spend over \$43 billion on plant and equipment in the coming year, government surveys estimate.

Some of this building, of course, results from other than a firm's profits picture. Many times a company must spend money on new plant and equipment simply to keep its position in its market at a time when its competitors are doing better than it is. New research and new models also push companies into spending money for new plants and machinery even though profits may not show much spark. But even in these cases, the search for profits clearly motivates management.

"Virtually all of the evidence is fully consistent with one overriding principle," Leif H. Olsen, vice president of the First National City Bank of New York, told a Conference on Understanding Profits sponsored by the University of Minnesota and Macalester College this spring, "that the fundamental stimulus to investment is the anticipated profitability of new capital."

Dissenters remain, nevertheless, who question the value of profits or, at least, the uses to which companies put them. One charge heard from militant antitrusters and labor union aides, among others, is that expansion born of profits accumulated by industrial giants such as General Motors can squeeze out little businesses when a big firm decides it is more profitable to begin manufacturing certain parts instead of buying them from outside suppliers.

The loudest attack by unions on profits, however, masquerades as no attack at all. It praises profits but says a much larger share of them should be divided up as wage increases for production workers instead of plowed back into the business as expansion. This is an argument Walter Reuther and fel-

low bargainers are honing for use in labor negotiations starting this month with General Motors, Ford and Chrysler.

Profits, says Frank Fernbach, assistant director of research of the AFL-CIO, are "a heck of a relevant subject when [employers at the bargaining table] haven't got any. Therefore, there can't be wage increases. And if profits are of too long absence there will be no jobs. Does labor view profits as a matter of substantial importance? Indeed we do." But, he contends, plowing back profits into the business is a way of having employees finance expansion. Furthermore, he says, in an automating economy the employee "may be making a contribution to a new machine that is going to take his job. . . ."

In the current auto industry expansion typified by General Motors, however, the spending on new plant, equipment and increased capacity will create jobs as long as demand for cars grows. Increasing mechanization of automaking notwithstanding, a heavier run at assembly lines to meet new orders forces hiring of more hands, while a reduction in orders slows assembly lines and cuts employment. As another gain from industry's private war on poverty, most of the jobs created by expansion will be those that unskilled persons can learn easily, experts in auto companies and labor agree.

Return to the Lordstown plant now gradually taking shape on blueprints in Detroit. And listen to Linus J. (Pete) Rausch, a short, to-the-point, livewire man who oversees Chevrolet assembly plants in the eastern half of the U. S.

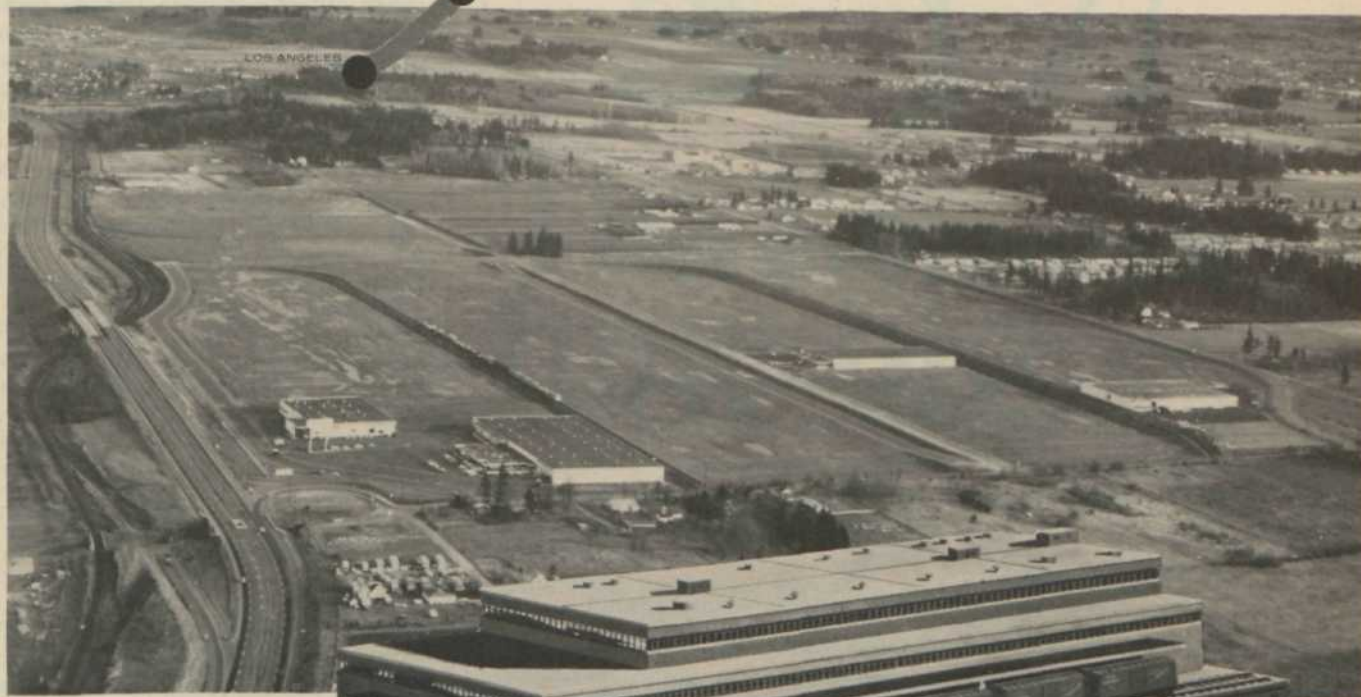
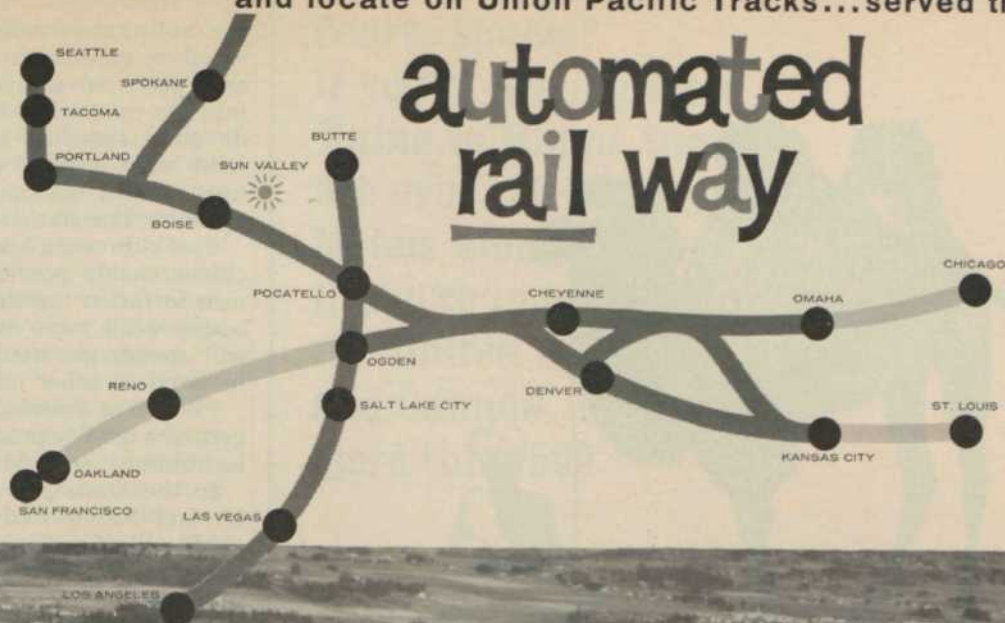
"We look for character and ambition rather than lots of skills when we hire men for an assembly plant," says Mr. Rausch. "If they have ambition and the will to work, we can train them."

When the plant reaches full production, about 4,200 of the 4,800 employees will be production workers, known in the industry as hourly-rated employees for pay reasons. Approximately 75 per cent of these hourly workers will need only basic skills, the rest will be skilled or semiskilled, G.M. personnel men estimate. And of the basic, low skilled workers, "about 40 per cent will be assigned to the assembly line as assemblers," says one personnel planner. Manufacturing plants which actually make parts require a higher share of skilled workers—about one third in the new Saginaw foundry, for example.

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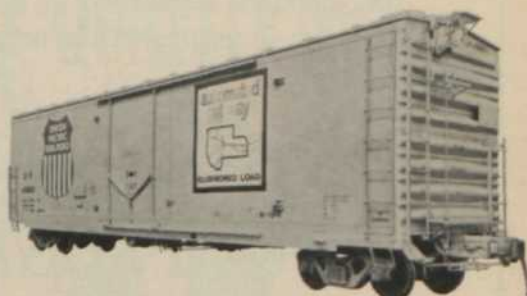
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PROFIT MAKES JOBS

continued

the nut-runners which hook parts together, others wrestle parts such as seats from a subassembly line into the car itself, while still others do such tasks as heating a roof joint with a blow torch before a more skilled workman at the next assembly line station applies solder.

Spark-throwing spot welding machines enable previously unskilled men to fasten together parts of car bodies while more experienced men will operate gas welding equipment by hand on other joints.

"We have found that the key to getting a quality product off the line is training," says Mr. Rausch.

In the Lordstown plant, Chevrolet and Fisher Body Divisions of G.M. will dispatch supervisors and a cadre of skilled workers from other plants at first. This nucleus of men will first train key personnel who in turn will help train assembly workers.

How long does it take to train a production employee? "You can teach him the basic elements of his job in a relatively short time," says Bruce Hilken, a former University of Michigan football captain now in Chevrolet's personnel department. Full familiarity with his job and top efficiency might take a week.

Some jobs require longer training and more skill. A painter who sprays the roofs of cars, for example, must have a good eye for telling when he has the right finish on the metal.

Managers profit, too

Expansion of industry, as at the General Motors plant, provides new openings for supervisory and management employees, too. "We will pick our management team from experienced men who have proven themselves in other places," says Mr. Rausch. "We will take them from different plants and will promote others to fill their old posts."

Where will the Lordstown plant get its workers? Personnel planners in Detroit expect most will probably come from the Youngstown-Warren area. Unemployment in this Mahoning Valley area has been running close to 10,000 out of a labor force of about 200,000, providing a pool of potential workers. Workers from the western Pennsylvania steel area around Sharon and Newcastle may also profit by the new jobs, as may workers with special needed skills from such

farther-away points as Cleveland. Thus, expansions stemming from profits have their employment impact in distant places.

Side effects of expansions such as this don't always make everyone happy, however.

Chevrolet may well pull workers away from other firms now employing them in the Lordstown region. This will mean these employers will have to bear the brunt of finding new workers and training them. In some areas, industrial expansion can boost other companies' costs by raising wage levels.

General Motors, in company with other major corporations, isn't revealing a precise breakdown of how it will pay for this job-producing expansion program. It is known to have close to \$2 billion in cash and other investments on hand. But, in any case, the pattern is for companies to do more and more of their financing from profits plowed back into the firm and from depreciation funds rather than from new stock offerings or other new financing, notes economist Floyd A. Bond, dean of the University of Michigan's Graduate School of Business Administration.

In this pattern, G.M. plowed back \$443 million of last year's net income into the business and set aside another \$475 million before figuring net income for depreciation and obsolescence of plant and equipment.

Dividends rising

How else do corporations use their profits to spur the economy?

They pay dividends, of course—\$19.1 billion of them this year at the first-quarter rate. These go to pay taxes and for reinvestment as well as for spending by the people who receive them. They aren't buried in the ground. Many experts predict corporations will pay out a larger share of their profits in dividends in the future than they have paid on the average in recent years. The target seems to be the two-thirds share of profits paid as dividends by companies during the 1920's, forecasts one government economist, compared with one half or less since World War II.

General Motors has already hit that ratio. It paid out \$1,149,000,000 of \$1.6 billion in net income after taxes last year. At that rate, dividends would hit about \$1.5 billion this year.

All of which indicates profits are being put to use by business in ways which thrust the economy forward.

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EXPERTS NOTE that there is a substantial loss in output among managers in companies where people are not used to their capacity.

These underused men—the boxed-in—are generally deprived of the right to contribute to company goals. They are left in the untenable position of holding responsibility without authority.

Where there is no valid basis for this, a net loss to the individual and to the company results. Where there is a valid basis for boxing in a man, more vigorous action should be taken to get him out of the line of fire.

Your company can avoid the dilemma of the boxed-in manager if it tries. A number of preventive measures are available. They range from the simple expedient of a frank talk with one who is headed for the box to formal clarification of your organization's goals and performance standards—factors which, if they are not fully understood, can aggravate the problem profoundly.

For a long time organization planners have been criticized for designing organization charts with a halo over each box. Now critics are directing their fire at executive vice presidents, department chiefs and personnel men on whom, they argue, must rest the blame for underutilization of manpower. This shift reflects a growing concern over sound use of a company's human resources.

Boxed-in managers are not necessarily nonpromotables or shelf-sitters. They are simply confined—and, in their confinement, they are unable to make a full contribution.

To get to the heart of this problem a company has to

- Know why people get boxed in,
- Spot the symptoms of confinement,
- Determine the impact and the loss in managerial output and
- Take steps to get a greater yield from personnel.

Recent interviews spotlight the plight of the boxed-



Madework means trouble



Low mileage—not on team

in executive. "Ever since the merger," one executive said, "my activities have been held strictly to nickel-and-dime stuff."

Another philosophized: "They leave me pretty much alone to tend my small shop." Still another complained: "When I am over the hill I'll know—it's not for them to say."

An assistant laboratory director, who has been side-tracked for some time in his company, remarked: "You know, it's been so long since I've been involved in a policy decision that I wonder if I'd be up to it if I were called in on one tomorrow—that's how rusty I feel."

Most of those interviewed feel by-passed, chagrined and worried. They acknowledge that they are in a low-mileage group compared with other officers, and vary in their feelings of guilt about taking home a good-sized check for only the most routine performance.

This state of affairs can lead to what Charles H. Whitmore, chairman and president of Iowa-Illinois Gas and Electric Co., used to describe as the threat of creeping mediocrity. The fault can be individual or corporate.

Whatever its source, positive action must be taken to arrest its debilitating effects on attitudes and performance.

Being boxed in means being cut off from things in which one should normally be engaged by virtue of position. It can happen to a key line official, a staff specialist, a coordinator, a plant manager, a special assistant—anyone.

The psychological impact is serious, for it deprives a man of a basic motivational drive, the desire to take part.

The noted British consultant, Lyndall Urwick, points out that morale is primarily a function of the effectiveness with which people are stimulated to contribute and work on something together. Crawford Greenewalt, board chairman of E. I. du Pont de Nemours & Co., stresses the significance of a man's

contribution to joint effort as one of the great motivators.

The personnel research staff of Sears, Roebuck & Co., in an extensive survey, concluded that being part of a team is an extremely potent factor in high morale.

How boxing-in occurs

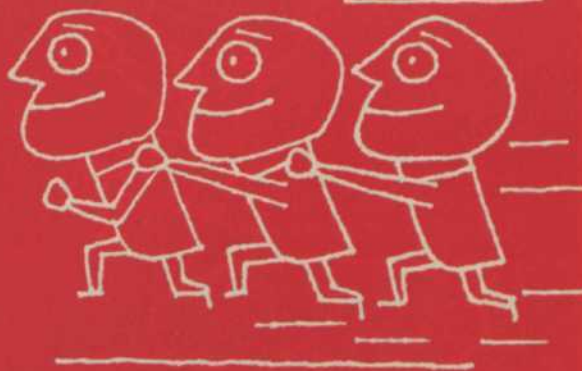
Perhaps the most familiar example of boxing-in is the isolation treatment. A manager is allowed to prepare his views on a given subject, but they are promptly routed to cold storage. His memoranda and telephone calls get a stall or no response. Silence ensues when he brings up ideas at a meeting, in the elevator or at lunch.

Overloading him with work on a special project to keep him busy for weeks on end—such as a survey of the parking facilities and establishing new criteria for allocating parking spaces—is still another not uncommon maneuver. In some cases a man may be strangled with reports marked for his thorough analysis.

A temporary detail to a branch office, or sending him off to school for a management training program—these, too, are common ways of cutting a manager off from the team.

Particularly harsh is the pseudoreorganization. In reshaping a man's unit, his responsibilities may be splintered among three or four other officers with the net dilution leaving him little responsibility, although management may even award him a new and seemingly important title.

The blow is direct and severe when a man is told that the top brass wants younger blood to keep pace with the new information technology. This lets him know that he doesn't qualify for membership in the inner councils from now on. The victim can retain his title, salary and other privileges but his function will be represented by someone else in the company's deliberations, usually a hand-picked favorite. When management really wants to demoralize an individ-



High mileage—on team

FREE THE MAN BOXED IN

continued

ual, it will select his subordinate or assistant chief to take part in the inner councils.

Causes and reasons

Boxed-in situations can be traced to a number of causes. They usually fall into these classifications:

- ▶ The individual's limitations;
- ▶ Personal relations;
- ▶ Organizational factors.

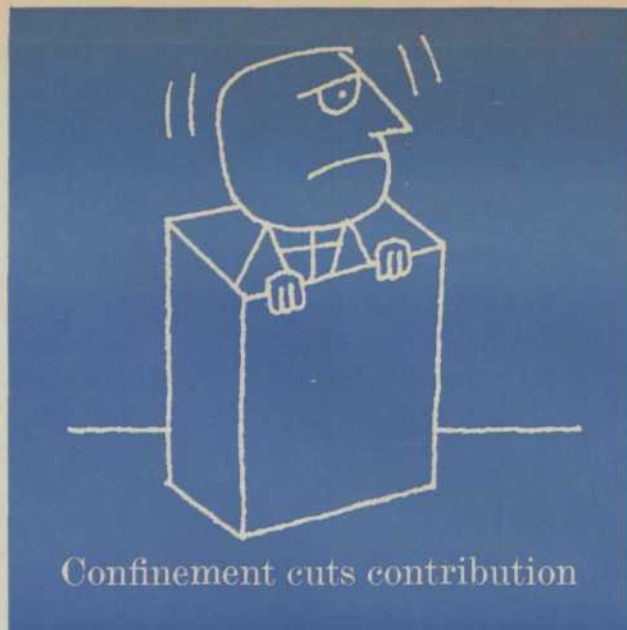
Perhaps the man is already beyond his capabilities and has moved up the ladder too fast; he cannot take the strain of all that is involved; he has become a poor listener and doggedly presents only his own views.

More frequently, however, the reasons linked to a man's personal limitations include such things as loss of the administrative touch, or blind spots arising from overspecialization. Among these, too, must be numbered the brilliant failure—once considered a man on the way up but whose rise halted when his serious limitations began to show up.

In many cases it can all be reduced to this: A man has not measured up on one or more occasions and his superior has lost confidence in him. It could be a poor decision, inability to keep up with the work load, too great a kinship with a clique or a lack of good judgment.

Personal relations problems generally can be traced to a critical incident—resistance to authority, slowness in coordinating, faulty decision-making, trying to skirt policies. In many instances a man can be a victim of circumstances. But the boss is the boss.

In the third category, reasons associated with organizational factors, some are warranted and others questionable. Here the trouble could be infiltration



of key people from the outside into top posts or top management's thrust for innovation. There may be too many chiefs and too few Indians, shifts in policies or topheavy concern with new operating methods.

Symptoms of distress

Evidence of being boxed in shows up in a man's activities, behavior and general level of performance.

Moderate cases show these symptoms: preoccupation with overhauling office files and records; overextended and disproportionate effort in working with a committee; nitpicking drafts of notices, memoranda or correspondence; attendance at, but marked passivity in, staff meetings, and interference in the affairs of a subordinate.

The symptoms are different in more serious cases: desperate make-work to give the appearance of keeping the secretary busy, long-winded social visits during the day, paper-shuffling just to keep in the stream of company communications.

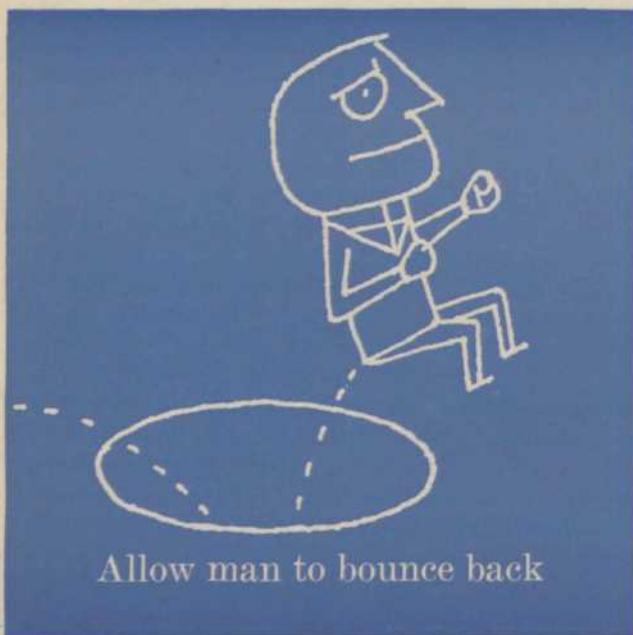
The victim's conversations may take a turn to the good old days, and his past accomplishments. He'll complain that the company has never appreciated the years he has given it. Chronic absenteeism often shows up.

And these symptoms tell only the surface story. The emotional churning of resentment, anxiety, non-recognition, loss of status among colleagues and fear—coupled with days of routine and boredom—inevitably erupt into some form of hostility, hidden or open.

Loss to the company

The loss to the company in underutilization will, of course, vary from man to man. Assuming that the reason for a man's being boxed in is not his personal limitations, but largely how he handles personal relations or organizational matters, the loss makes itself felt in the company's work load, productivity and morale.

The disposition of the managerial work load that can be made narrows as you box in one or two men and, consequently, a larger volume of delegations



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FREE THE MAN BOXED IN

continued

hits the few who are around and in good grace. Completion of assignments will be slowed. In many instances the boss may be forced to do some of the work himself—in the office at the expense of other priorities and at home at the expense of family and leisure time.

The company will lack the ready availability of information ordinarily obtained from the boxed-in man. This information has to be corralled the hard way.

There is also the loss of productivity of which the man is capable in his own right. You may sacrifice his counsel, ideas and proposals—contributions drawn from his experience and insight. And there is the loss of his time, energy and normal productiveness over and beyond the routine to which he is confined.

Of major importance, too, is the impact on morale. Morale in the department or division which he leads may suffer. For lack of challenging new activities, which really energizes a work group, dullness can set in and stifle the productiveness of others. People at lower levels pay the price for a misunderstanding or feud between their boss and top management.

Camps might begin to form within the company—those who feel the man has unjustifiably been boxed in, and those who back top management. Hard feelings may intensify and begin to color the way in which even the most objective issues are handled when members of the two camps have to work together.

Indeed, the morale of the management itself may suffer a setback when a member is so handled.

How to get fuller yield

First, a company has to build into its management philosophy an understanding of the need to tap its human resources to full capacity. The company

which rides high on matters of budget, schedules, procurement of raw materials, sales trends, financial controls, production records and other essentials, but fails to balance these out with the manpower necessary to do a job, inevitably will be getting far short of what it supports on the payroll.

Second, a company has to set special values on attracting, utilizing and retaining its executives. Managers do differ from other employees and so do the company's expectations in regard to managerial output, loyalties and contribution to the larger goals and plans. So a company has to back words with deeds.

Top management should shake off the pretense of never tolerating a mistake. Mistakes will be made in the course of many things to be accomplished. They are part of the fabric of risk. The man who makes a mistake or a misjudgment should not be punished with banishment through the process of being boxed in. He must be made to learn from his mistake and be given an opportunity to bounce back.

A company should recognize that there is more to be gained by keeping the man in business than by sending him off to a corporate Siberia. If his weakness is not grave he can still make a substantial contribution to the work of the management team. As John J. Evans, president of Fairbanks Associates, has noted, too many executives are working below their rank, preoccupied with day-to-day details and not sufficiently concerned with the substance of policies, decisions, plans and controls.

Boxing-in a member of the management team, one who is otherwise quite competent and loyal to top management, can weaken the bridge to corporate stability and continuity.

Confusion will prevail where there are too many shifts in the inner council. There is already a certain measure of confusion in management. This is inevitably so because of the sheer size, complexity and pace of corporate activity.

Candor in talking over a man's mistakes must be included in the therapy of corrective appraisal. So must counseling, on-the-job development and sound performance appraisal.

Where standards of performance for managers are lacking, a set of standards should be established.

As for the man himself, he has an obligation to probe his weaknesses and overcome them, to ask himself questions which mirror his judgment and actions and to make himself generally worthy of membership on the management team. Otherwise, he may have to make another kind of commitment to himself—to start looking around.

This is what is required to play in the major leagues, the management team league. As Ray E. Brown, former vice president for administration of the University of Chicago, observes: "It's relatively easy to look like a winner if you stick to the minors."

—NATHANIEL STEWART



Boss's workload grows

REPRINTS of "Free the Man Who's Boxed In" may be obtained for 25 cents a copy, \$12 per 100, or \$90 per 1,000 postpaid from *Nation's Business*, 1615 H St., N.W., Washington, D.C. 20006. Please enclose remittance with order.

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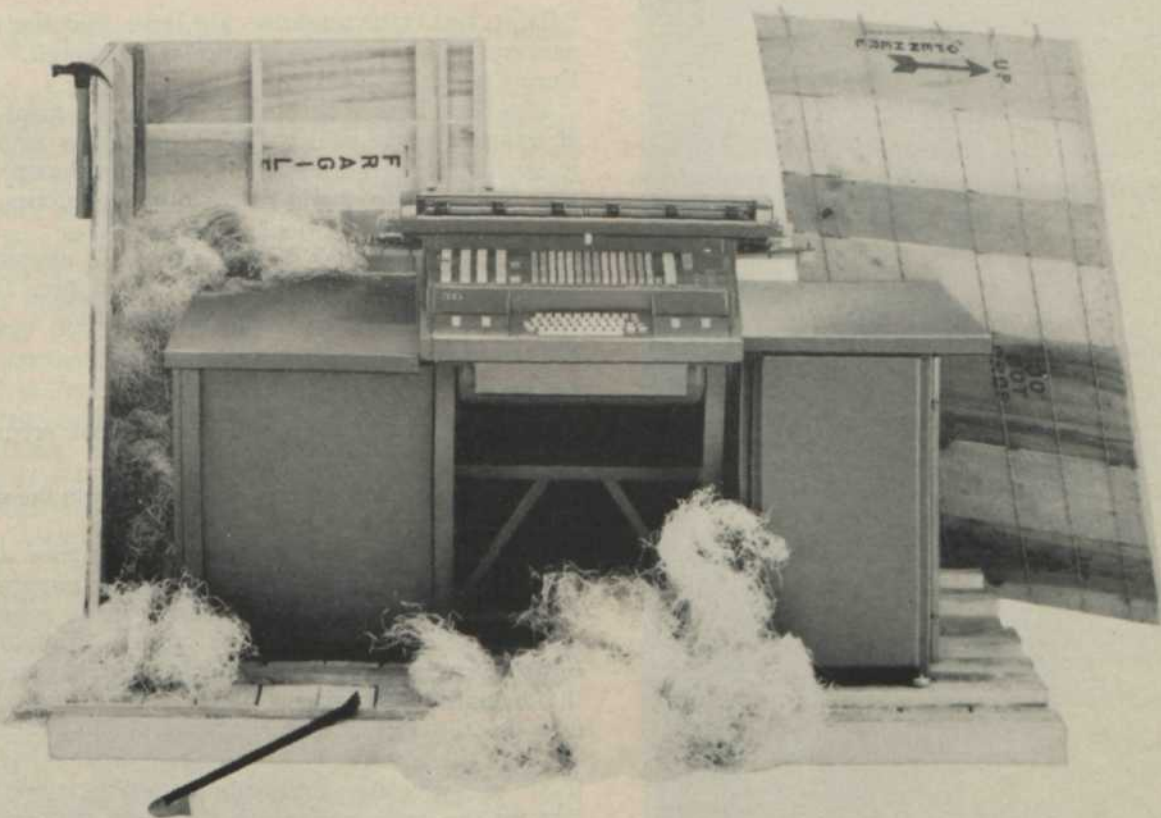
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WHAT ELECTION



Experts draw the line between oratory and real vote-winners

"REAL POLITICAL ISSUES are those that the average guy in the street identifies with himself," says Rep. Charles E. Goodell.

The New York congressman has given a great deal of thought to the subject. He is intimately involved in deciding which issues the G. O. P. will push this year since he's in charge of the domestic affairs part of the Republican national platform.

Other political analysts agree with his assessment of what makes a campaign plank catch fire. To be moved by an issue, they say, voters must:

- ▶ Be aware of its existence,
- ▶ Regard it as important, and
- ▶ Relate it to a party or candidate that seems to offer them a choice.

So the successful political leader presents the questions in this way to voters.

This year, peace and prosperity are once again the major issues. But they take on new importance as they are directly related to such specific points as government spending, relief of poverty, compulsory health care for the aged, unemployment, agriculture, the balance of payments, defense and foreign affairs—as the Cuban and southeast Asian problems.

You'll be interested in taking a further look at these—and why they are becoming issues—as preparation for the coming season of campaign oratory. For in the heat of battle, a genuine campaign issue often becomes obscured by smokescreens which only stir partisans to vote the way they would have anyway.

In their authoritative book, "The American Voter," researchers at the University of Michigan report: "Two people may be equally eager to keep taxes down, and equally desirous of a new governmental service. Yet one sees new governmental expenditures as coming from his own pocket in a very direct sense; for the other, the route between budget needs and his own taxes is much more remote."

Therefore, adds Professor Richard E. Neustadt of Columbia University, a former White House consultant under the late President Kennedy and an authority on the presidency, "The majority are only deeply moved if they identify a disturbance in their lives—if they make a strong connection between that

ISSUES MEAN

and one side or another of a particular policy question."

The pocketbook nerve seems particularly sensitive, say political scientists who have studied presidential elections. This is another way of describing what the late Gifford Pinchot, conservationist and Pennsylvania governor, called the stomach vote and the late Sen. Robert Taft, the stenographer vote.

Experts agree that issues, while limited in their direct impact on voting choice, gain added influence through their effect on the voter's party loyalty and his assessment of the candidate and his personality.

These can mean the difference in stemming defections, getting the apathetic voter to the polls and mobilizing the enthusiastic volunteers needed to work as well as vote.

Political analysts note that the impact of an issue often depends on its emotional appeal rather than a head-on conflict of clearly opposing positions of the parties and candidates. Thus both parties may be expected to appeal to emotions as well as logic.

Many of the 1964 issues have already been put in focus by party leaders. Government spending is a prime example.

Economy in government was pledged by both Presidents Kennedy and Johnson, as well as by congressional leaders at the time of the tax cut. Since then, President Johnson has reflected the public's concern for economy in his well publicized cost-cutting efforts, ranging from dimming the White House lights to claims of trimming federal payrolls.

Unlike some earlier campaigns, the issue will not be spending versus economy. With agreement on all sides that economy is essential, the dispute will be whether the Administration is achieving real savings while launching potentially costly welfare and economic programs.

What price inflation?

A related situation that could develop as an issue is inflation. Visions of higher costs, which touch every voter's pocketbook, will be raised by automobile wage negotiations this month and next, along with the threat that the settlement could lead to higher union demands

(continued on page 92)



PHOTOS: JON EICHENBAUM

How National Chamber

In all of its activities, the National Chamber is guided by policies which represent the majority will of its members.

How are these policies established?

Any member of the National Chamber—organization, firm or individual—may submit an idea or suggestion for a proposed policy, and is encouraged to do so. The only qualification is this: The proposal must be “national in character, timely in importance, and general in application to business and industry.”

Every suggestion having to do with policy is turned over to an appropriate departmental or specialized committee.

THE ROLE OF DEPARTMENTAL AND SPECIALIZED COMMITTEES

More than a thousand business and civic leaders and professional men, each an authority in his own field, serve voluntarily on National Chamber committees. More than 30 committees are active throughout the year.

Each committee represents a certain segment of the economy, or deals with a particular group of national issues.

Each committee analyzes trends, problems and legislative developments in its own field. It studies and considers policy proposals that have been submitted—and, if need be, it originates policy proposals.

Each committee draws up a report, and sends this report—together with its recommendations for proposed new policies or proposed revision of existing policies—to the Board of Directors.

THE ROLE OF THE BOARD

National Chamber committees do not establish policies. The committees make recommendations.

Neither does the Board of Directors establish policies, except in the rare case in which an emergency exists with respect to an issue on which the Chamber has no adequate policy—and the time is too short to establish a policy position by the regular procedure.

Emergency policy requires a two-thirds vote of the Board. The reasons for the action must be reported to the membership.

When the Board receives a policy proposal from one of the committees, the Board discusses the situation which led to the framing of the proposal. It makes whatever recommendations it may see fit. Then, it usually refers the proposal to the Chamber's Committee on Policy.

policies are established

The Board may, however, submit the policy proposal to the Chamber's membership for referendum.

THE ROLE OF THE POLICY COMMITTEE

The Policy Committee reviews policy proposals, coordinates the proposals and publishes them in a "Preliminary Report," which is mailed to the Chamber's affiliated organizations at least six weeks before the Annual Meeting. Thus, the affiliated organizations (2,900 local, state and regional chambers of commerce, and 1,000 trade and professional associations) and their members have time to study the proposals well in advance of the Annual Meeting, and to send in their comments and suggested changes to the Policy Committee—and to be prepared to vote on the proposals at the Annual Meeting.

ACTION AT THE ANNUAL MEETING

At the Annual Meeting, the delegates are encouraged to speak out *for* or *against* any policy proposal.

A delegate may appear before the Policy Committee—or he may speak from the floor of the Policy Session at which the proposals are acted upon by the Chamber's membership.

By their vote at the Annual Meeting, delegates representing affiliated organizations may:

- Approve, reject or amend a proposed policy;
- Order it to referendum; or
- Refer it to the Board of Directors for submittal to a committee for further study.

For information about the National Chamber's policy position on any national issue, or for information about any phase of the Chamber's work, write:



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ELECTION ISSUES

continued

in other industries later. Such negotiations also will raise questions in the voter's mind over the ability of jawbone-enforced wage guidelines to control inflation.

Debate over government programs to stimulate employment also will publicize the price tags involved, another inflationary threat in an economy already stimulated by tax reduction.

Unemployment holds promise as an issue, if only because an estimated 17 million Americans experience the lack of a job for at least some period each year. Such an issue can be reflected in debate over means of solving the problem: government programs or encouraging the job-creating vigor of private business.

Agriculture could become more than a farm-state issue, in view of efforts to relate farm economics to prices paid by consumers of farm products. The total cost to the consumer in subsidies and higher prices dictated by government price-fixing programs could well make these programs a pocketbook issue to the urban voter.

In the farm states themselves, falling prices and traditional resentment against the secretary of agriculture, whoever he might be, can be expected to sway some votes.

How to help aging

On the pocketbook issue of compulsory health care, the National Council of Senior Citizens, a major lobbying group for subsidies to the aged through higher social security taxes, offers this analysis: Voters aged 65 or older make up 18.5 per cent of the voting population. But they made up 20 per cent of all those who actually voted in 1958, 18 per cent of the 1960 presidential vote and an estimated 25 per cent of the vote in 1962, after compulsory health care became an issue.

Sam Brightman, deputy chairman of the Democratic National Committee, claims that many who consider themselves Republicans, and who have the responsibility of caring for an elderly relative, can be persuaded to vote Democratic over the health care question.

The dispute is not whether some older citizens need help in meeting the costs of health care. Opponents strongly protest overloading the social security system with a tremendously expensive program that

must increase in cost as additional services are tacked on in response to political demands.

They argue that the ability of the elderly to meet their own needs is improving, partly through increased coverage by private insurance, while existing federal-state programs to help those genuinely in need are also being improved. These developments, they say, demolish the arguments for a compulsory program of limited coverage to all the elderly regardless of need.

Poverty and gold

Liberals and conservatives agree that elimination of poverty is a worthy goal. The difference is in approach.

It centers on whether it's better to stimulate the environment in which private business carries out its traditional role of promoting economic well-being, or adopt such liberal approaches as public works, the area redevelopment program and other loans and handouts that favor certain communities, industries and businesses over others.

The balance of payments problem offers little difference between parties, although some Republicans feel it should be made an issue. They claim that the drain on the nation's gold resources "threatens the welfare and security of every American family" through dangers of unemployment, recession and inflation.

Both Democrats and Republicans favor such remedies as promoting export expansion, reducing capital outflow by improving the investment climate at home, persuading the nation's allies to carry a greater share of the defense burden, and tightening up on foreign aid.

On foreign affairs issues, Republicans point out that they are somewhat inhibited because many of their targets are associated with the late President Kennedy. "There's the problem of attacking a dead President," says one, ticking off Vietnam, Cuba, Berlin, problems with new African nations and the Alliance for Progress. "They were all blunted by the Kennedy assassination."

Mr. Goodell concedes this difficulty, but claims, "In our dealings in foreign affairs, we have been concerned more about agreements and understandings with the communist world than with our own friends and allies."

Barring any unforeseen crisis, he says the Republicans will take the foreign affairs line: "Where in the

world are we better off today than we were four years ago?"

A main thrust will be Cuba. It's near at hand, say other Republicans, and symbolizes communism, tyranny and Soviet Russia in the public mind.

Cuba played two roles in the 1962 election according to a study by Robert J. Huckshorn, formerly a political scientist with the Republican National Committee, and Robert Spencer, who was his Democratic opposite number.

Surveying the winning and losing candidates for Congress, Mr. Huckshorn reports, they found that many Republicans claimed to have profited from the Cuban situation. They complained, however, that the strong stand taken by President Kennedy in the October, 1962, missile crisis cut their gains.

The big question in foreign affairs is the effect of a last-minute crisis, which depends on timing and the Administration's approach, as in the 1962 missile crisis.

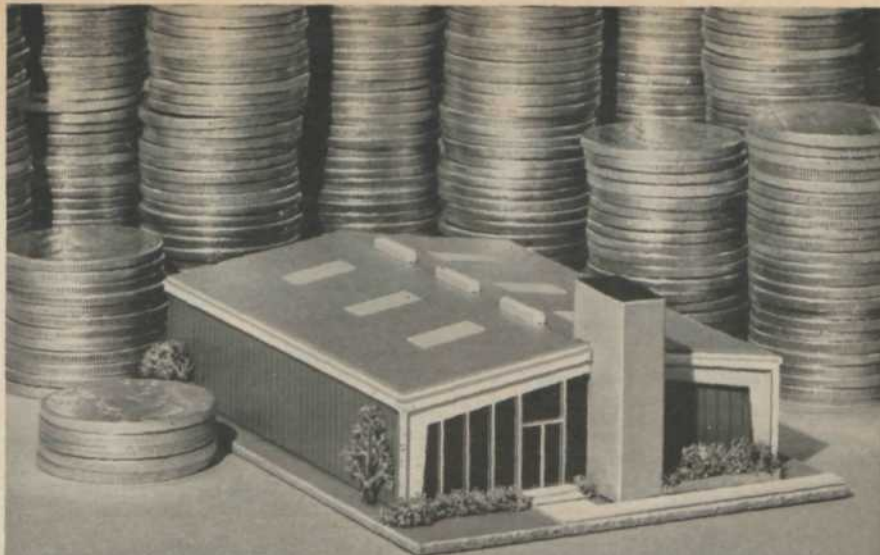
One Republican notes that the closer a crisis to election time, the better for the incumbent because the nation is eager to demonstrate solid unity. Second thoughts and re-criminations come later. In fact, Mr. Goodell feels that if the U-2 incident had occurred in October of 1960, rather than May, it would have helped elect Vice President Nixon.

"There have been few presidential elections in a hundred years that we could not imagine having gone to the loser, had the right combination of short-term factors appeared in time," says Donald E. Stokes, a co-author of "The American Voter" along with Angus Campbell, Philip E. Converse and Warren E. Miller.

Mr. Stokes notes that "a war, sharp recession, a rash of scandal will leave their mark on all shades of partisans, though the mark will not be deep enough to change the votes of more than some."

Such short-term factors at home and abroad, basically involving peace and prosperity, are cited by the experts as classic examples of decisive issues in years past.

One such issue was the agricultural depression in 1948. "Farm prices—that was an issue that hurt people," says Malcolm C. Moos, former top speechwriter for President Eisenhower. Of course, the outcome has been blamed partly on Republican overconfidence and President Truman's give-'em-hell campaign. But Mr. Moos stresses the fundamental fact that in 1948



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traditionally Republican Iowa went Democratic.

Troubles overseas derive their emotional punch from fear, frustration and an injured sense of national pride. President Eisenhower's widespread fame as a military leader has been repeatedly cited as his strongest appeal in 1952.

There can be a tie-in between domestic and international issues, Professor Neustadt notes. He considers that the issues of communism and corruption at home were important factors in 1952.

The domestic communist issue, he tells NATION'S BUSINESS, drew strength from the shooting war in Korea, while soaring inflation at home helped feed general public suspicion of government, lending support to the corruption charge.

In 1960, some observers believe, the main issue was Mr. Kennedy's Catholicism. Republicans dispute this. They claim the missile gap issue and the question of national prestige hurt them. The missile issue, Mr. Moos argues, "was wholly counterfeit, a manufactured atrocity story. But it reached everybody."

As for this year's campaign, Democratic National Chairman John Bailey sums up all the issues in one: "We've got our record." The country has picked up economically and remains at peace, he adds. But he emphasizes: "The overriding issue is what kind of job the American people think Lyndon B. Johnson has done by November 3. Do they want to continue him in office? That is the real issue."

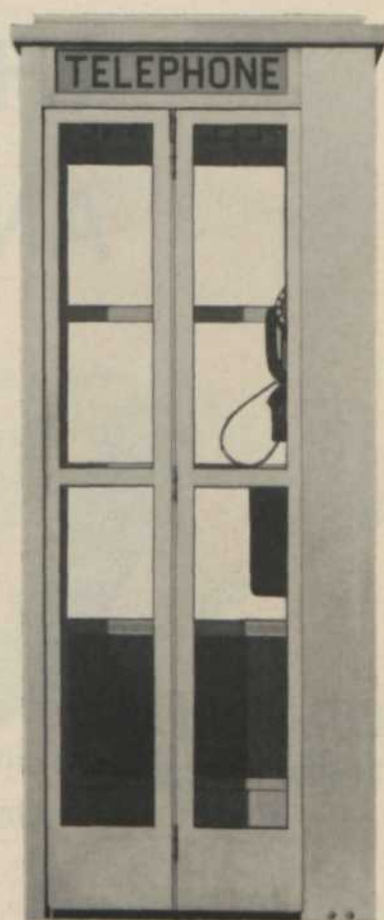
Republican professionals view the issues much the same. Rep. Thomas B. Curtis of Missouri says that "peace and high living" appear Mr. Johnson's trump cards. "Those are strong issues," he concedes, giving Democrats the powerful argument, "Why rock the boat?"

Rep. Goodell defines the central issue this way: "Is this the fellow that I trust with the security of our country?"

Rep. Curtis sees a "clean-up or cover-up" issue in the doings of Bobby Baker, Billie Sol Estes and the Johnson business fortunes.

What's left is the civil rights question. The main question is whether the racial controversy produces the sort of dispute before November that could bring to the polls a mass of ordinarily apathetic, habitual nonvoters whose votes would be up for grabs. **END**

on duty



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THAT GIVE YOUR CITY
PROTECTION, NIGHT AND DAY.
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Public phones strategically placed on public sidewalks let you put added guardians around town without putting them on the municipal payroll. Public phones actually pay. They bring in revenue—with no cost for maintenance.

Public phones are a popular convenience, too, offering extra security and service all twenty-four hours. Just call the Business Office to have a Bell System Communications Consultant bring you the facts. There's no obligation.



Bell Telephone System

Serving you

THE WHOLE AND ITS PARTS

Some cities are asking Washington for federally collected funds to finance their urban renewal or development projects.

The reason they give when asking for help is always the same: The city hasn't the money.

This brings up a basic question. If our communities don't have the money to meet their needs individually, how can the total collected from them by Washington meet their collective needs?

Nation's Business • July 1964

new: the IBM alpha-numeric magnetic ledger card

Accounts Receivable Ledger										
ACCOUNT NAME		ALBERTS AND COMPANY 2911 SOUTH LANE TULSA, OKLAHOMA								
QUES. NO.	YEAR	SALESMAN NAME		TERMS	DISC. %	TAX %	CREDIT LIMIT		AGING	
2389	326	A. JONES		OPEN	10	3	25,000.00			
DATE	REF. NO.	CHARGES		CREDITS		BALANCE		CURRENT	OVER 30	OVER 60
7/02/6-	12368	187.72				187.72				
7/21/6-	12566	13.91				201.63				
7/30/6-	12671	304.11				505.74				
8/01/6-						505.74		505.74		
8/07/6-				187.72		318.02				
8/20/6-	12802	156.12				474.14				
9/01/6-						474.14		156.12	318.02	
9/04/6-	13094	73.17				547.31				
9/14/6-	13308	75.00				622.31				
10/01/6-						622.31		148.17	156.12	318.02
10/04/6-				195.00		427.31				
10/09/6-				20.00		407.31				
10/16/6-	15103	46.98				454.29				
10/25/6-	15487	141.71				596.00				
10/29/6-	15782	88.06				684.06				
10/30/6-	15802	16.07				700.13				
11/01/6-						700.13		292.82	148.17	156.12
11/04/6-	15987	1500.00				2200.13				103.02

You read one side

The IBM 6400
reads the other



You can handle billing, inventory, and accounts receivable in a single operation with the new IBM 6400 Magnetic Ledger Accounting Machine. Information important to you is posted on the face of a ledger card. Information important to the IBM 6400 is recorded on magnetic tape on the back of the card. The 6400 reads and checks all data on the magnetic tape. It makes rapid calculations. It prints headings, descriptions, prices, and results of computations. It updates balances on the face of the card and on the magnetic tape. (Payroll, accounts payable, and general accounting can be handled with the IBM 6400.) The operation is so simple a typist can master it in a few hours. You'll find that the IBM 6400 takes everything into account.



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like to do we do very well. You don't have to hang around an erection site very long to see what we mean. Call your Butler Builder, today. He's in the Yellow Pages under "Buildings," or "Buildings, Metal." Or write direct for additional information.



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7456 East 13th Street, Kansas City, Missouri 64126

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